

# JOURNAL

OF THE

## AMERICAN BANKERS ASSOCIATION

### Amortization of Real Estate Mortgage Loans

By JOHN J. PULLEYN

Chairman Committee on Amortization of Mortgages, Savings Bank Section.

IN a recent issue of the *New York Record and Guide*, C. B. Molesphin, real estate Editor *The Evening Post* (New York) stated: "Real estate is irresistible. To know and understand it thoroughly is an education in itself, for it brings forth the latent talent in many a man who has failed to find his true capacity and ability in other pursuits. Countless thousands have laid the foundation of their fortunes upon it. Everything that breathes has need of it and, therefore, it is the most indispensable commodity in the world.

"It is the ultimate source of wealth, for the seas pay tribute to the land. Gold, silver, copper, all metals, come from it.

"Foodstuffs are extracted in unending yields, keeping mankind in existence to produce wealth in other directions, coming back at some time or other to its source, investment in land, either as tenant or owner.

"Real estate business is really the biggest industry in any city, from the viewpoint of accomplishments for the common weal and in revenue production. In New York City real estate is an \$8,000,000,000 corporation, that being the aggregate of assessed valuation.

"The big department stores, bankers and banks, and industrial corporations combined are outdistanced in point of employes by those who in some manner are dependent for their livelihood upon real estate.

"Every one of the many large real estate agencies and brokerage offices has from a few dozen to several hundred employes. There are thousands of widows and children who look to executors and trustees for the incomes from real estate. Title company and fire and mortgage department forces run up well into the thousands. Then there are lawyers, newspaper men, builders, architects, draughtsmen, engineers, material men of all descriptions, those who produce the components of buildings, men who deal in them, and so on and on, real estate ramifications run the entire gamut of production and consumption, all together making the greatest of all business.

"These are a few of the reasons why real estate as a source of investment will never depreciate in interest. They also indicate why so many hard-headed,

careful thinkers place their savings in land. It fluctuates like all things that have value according to the requirements of a community and the demand for it. But its price changes are in no manner quite so readily influenced as most other commodities.

"In the last analysis, it is the most stable of all investment securities. Everybody needs it, whether rich or poor."

It is possible, now that peace has come to discuss more freely the relations between the loaning institutions and real estate than has been possible for obvious reasons during the last two or three years. Many matters of importance to both must now be considered seriously so that we may be prepared for what is to come.

The end of the war entails on this country and on England, France and other European countries and, in fact, upon the whole world, financial operations of enormous magnitude. It is not necessary to go into details as to what these operations are. They include the financing of government, the rebuilding of devastated regions and the capitalization of industries that have been wiped out or badly handicapped for want of money during the war. They may even include the underwriting of all the indemnities that Germany will have to pay as the penalty for having brought about its orgy of devastation.

It is, of course, impossible to calculate at the present time the extent of these operations or to figure how long they will have a dominant influence in the money market. But it is necessary in reviewing the local situation with respect to the loaning of money on real estate mortgages to take into consideration the general conditions prevailing in the world today and which will for years to come affect all financial transactions of every kind.

We have entered upon a new era in the world's history and we may as well recognize the import of the changes that have taken place. We cannot base our plan for future action on conditions that prevailed previous to 1914, nor even to the years immediately before this country became a belligerent. A great many radical changes have been made in financial and economic conditions, and at least a part of these have become so firmly established that it will be impossible to effect a return to the former state of affairs.

Normal times are coming again but with this difference, that what we used to associate with a state of normality will not necessarily be included in that period into which we are just entering. Normal times used to be associated with a low rate of interest on real estate mortgages, for instance. But the ruling rate for money for this class of investment and, in fact, for every kind of investment, will for a number of years amount to what would have been called a high rate of interest in former days. This is certain, and it comes about because the general conditions that control the money market will enforce higher rates of interest, not because there is any change of sentiment towards the value of real estate mortgages among the group of lending institutions of which this bank is representative.

It will do no harm now to clear up some of the misapprehension and misinformation that has prevailed during the war period as to the attitude of loaning institutions towards real estate. It has been stated, among other things, that the reason why we have curtailed loans has been that our resources have been held at the disposal of the government for the purpose of financing the Liberty Loans. Now, while this is true to a certain extent, it was not the sole cause of the withdrawal of the loaning institutions from the mortgage market.

The government's requirements have been met, and will be met in the future, without serious disturbance of other financing because our intimate knowledge of the demands of our depositors for government securities enables us very accurately to forecast the amount of bonds in any issue that we can dispose of and prepare in advance for handling the business. Funds involved in the transactions are tied up for a comparatively short period of a few months at most, and the effect on the general situation is not so great as many have been led to believe. It is possible to make this admission now that the war is over and the Liberty Loans successfully floated.

We know that the government will issue a fifth and possibly a sixth loan, each for large amounts, and we are already preparing to handle them. If real estate had been badly handicapped in the past solely by the government loans, or had to wait until after the fifth and the sixth, and probably others, were out of the way, there would not be much hope to hold out for the future. But this is not the case. The coming loans will no doubt be as successful as the four preceding ones, but naturally the arguments presented to possible buyers of bonds will be based on different grounds than were used in the first four loans.

Governmental financing, and I now include that which other nations besides our own will be compelled to undertake in the near future, have only an indirect bearing on the relation between loanable funds and real estate. There is, of course, a sentimental influence which should not be lost sight of and, of course, there is the tightening of the money market as evidenced in the enforcement of a higher interest rate. But the borrowing of our own government would not in itself prevent investments in real estate mortgages. In this connection it is important to call attention to the fact that savings banks cannot invest funds in

the financial obligation of foreign governments nor can they participate in the financing of the reconstruction work of the devastated region of Europe. All these operations will be effected by other agencies and savings banks funds will not and cannot be drawn upon. Naturally the carrying out of these great capital issues, whether by our own or other governments, or by private parties, will affect the money market to the extent of fixing higher interest rates. But we need not fear this because, as I have already said, we have come into a new era, in which money is certain to command a greater return for its use.

What, then, gives us reason to feel hopeful for the future and enables us to say to real estate men that they may expect a return to "normal times"—not forgetting that "normal times," as I make use of this term, means not so much a return to pre-war conditions in all respects as to a period in which the investment in and improvement of real estate may be carried on without fear of violent reactions or destructive upheavals—in a word, on a safe basis.

The first thing to call attention to is the fact, hitherto kept in the background, that since the war began there has been withdrawn from circulation a vast sum of money that formerly was available for use in the mortgage market, which will return gradually for investment in the security with which its owners are most familiar and which has always been and always will be considered the most conservative and safest investment—New York real estate.

I shall speak now of the situation here, because it is that with which we are most vitally interested. Because of the Liberty Loan campaigns and for other good and sufficient reasons the fact that somewhere between \$300,000,000 and \$400,000,000 had been withdrawn from circulation and hoarded away was kept from the knowledge of the general public. In the year 1917 alone over \$50,000,000 disappeared, and when I say this I mean that no trace of this large sum of money could be found by banking institutions. The money was not used to buy Liberty bonds nor for any other purpose that was within the knowledge of financiers. So that it is a fair presumption that it went into the old stockings and under the mattresses of the owners of it.

This hoarding of money was the principal reason why there have been no funds available in the last two or three years for investment in real estate mortgages. German propaganda, inspiring a fear that the Hun would triumph and exact a great tribute from this country, undoubtedly was influential in bringing about this extensive sequestration of loanable funds. But now that Germany has been thoroughly and effectively defeated this immense sum of money will come out from its hiding place and be procurable for purposes of legitimate real estate business.

It is inevitable that investors will compare conditions as to material and labor with those which prevailed three or four years ago. It will not do to take a pessimistic view of the outlook so far as these elements of the situation are concerned. In my opinion, there will not be a return to pre-war prices of material nor to the former scale of wages for a number of years. Every known fact points to a continuance of high wages and high cost of building materials for a

long time. There will naturally be some shading of wages and of prices of material. But that there will be a return to the old figures seems to me to be very unlikely. What is more probable is that a mean will be reached, both as to labor and materials, somewhere between the old low figures and the high ones of today.

Cost of materials will naturally be considerably affected by the world-wide demand for replacements in the area where destruction has been enormous; and the great demand for new buildings, owing to the universal restriction of building for the last few years in this country, is certain to have the usual effect of increasing the price at which materials for construction can be obtained.

The eight-hour day has come to stay and it is well to take into consideration such facts as the domestic reconstruction policy for which British workmen have secured political recognition and which has been endorsed by our own labor unions. Lloyd George, since the armistic was declared, outlined the principal issues of the forthcoming general election in England. After emphasizing the necessity of a league of nations to guarantee peace, reduce armaments and abolish conscription, he declared that there was value in the prevailing revolutionary spirit, if wisely directed. He feared neither revolution nor Bolshevism which could be combatted by national unity, co-operation and sacrifice. Then he added, in recognition of the commanding position secured by labor since the war began, that a great revising was necessary. The hours of labor must be reduced, a minimum wage introduced and production increased through land reform. It is this program to which labor in this country has given its approval and for the accomplishment of which it will exert its full strength. Labor throughout the world is becoming closely associated in the enforcement of its demands through governmental channels, and it is undeniable that its position has been improved and strengthened since the war started. I believe there should be and there will be a wider and more equitable distribution of the world's wealth. But the men who receive higher wages will save and invest, and one of their chief investments will be the acquiring of their own homes. It is the American way and with the education of millions of new money savers which has been brought about by the Liberty Loan and the War Savings stamps campaigns, this class of real estate investors is sure to increase.

During the period through which we have just passed there has been a great deal of criticism of real estate mortgages because this form of investment was not as liquid as some others. This criticism merits attention because investors generally are timid about putting their money into an investment on which they cannot realize quickly in an emergency. While we believe that there is no other form of investment so generally safe and satisfactory as the real estate mortgage, we have come to a realization that in our own interests, as well as those of investors generally, we should take action to rectify the conditions which have prevailed in the real estate field up to the present time.

*What has been decided on is to put into effect a general provision for the amortization of mortgages on some basis that will bring about a partial liquefaction*

*of this form of investment. Local loaning institutions are very generally agreed upon the plan to demand the reduction of mortgages on a basis of about 2 per cent. annually. This means that in all new or overdue mortgages such provisions will be included in the contract and the mortgages will be allowed to run at the option of either party. The loaning institutions will be in better shape because these annual payments will place in our hands millions of dollars for reinvestment in the same class of securities; the owner of the property will be constantly increasing his equity and will have additional interest for keeping his property in good condition instead of allowing it to run down to the point where it is better for him to default and force us to take it over in a depreciated condition, to our loss. If at any time under circumstances prevailing generally throughout the country, money should become tight and investment money should be scarce, we could depend on the income from amortization of these mortgages to supply at least a part of the demands upon us. The movement to enforce this provision for amortization of mortgages has passed from the theoretical to the phase of actuality. The Emigrant Industrial Savings Bank, which is the largest lender of money on real estate mortgages, has been one of the first of the savings banks to put this provision into effect. We called in all our clients and put the matter up to them, and 85 per cent. said: "Why didn't you do it before?"*

It does not seem right, when a bank loans 60 per cent. of the value of a piece of property, that it should allow the "owner" with an equity of only 40 per cent. in it to manage the property just as he likes without taking the predominating interest of the bank into consideration. The enforcement of amortization will compel careful management of mortgaged property to the benefit of all concerned. This subject has been discussed in the Savings Bank Section of the American Bankers Association, and a committee, of which I am Chairman, was appointed at the recent convention held in Chicago to prepare a plan whereby the principles of amortization might be applied by every savings bank throughout the United States.

The speculative builder feels that he is likely to lose out if this practice becomes general. But the speculative builder can and will secure money for his operations from other sources. If we did not believe this we should go slow in bringing about a program that would eliminate the speculative builders from the real estate field. New York today is an illustration of what the speculative builder can do. Without him this would not be the wonderful city it is.

It is, then, apparent that there is good reason for hopefulness in the future. Property is held now at comparatively low figures and any investment is likely to show fair returns as the world regains equilibrium. It will again be valued on the basis of its income return.

Money will be in good supply, due to the return to regular investment channels of hundreds of millions of hoarded money and to other causes, at a rate not so low as formerly, but not so high as to be prohibitive. In this connection, it must be remembered that there is a limit to the interest rate in this state, above which we cannot go. But I should say that the ma-

jority of loans for some time will be made at a rate between 5 and 5½ per cent.

There is not nor will there be any change in the policy of the group of loaning institutions of which this bank is representative towards investments in real estate mortgages. That the savings banks have always considered these mortgages as a sound investment is shown by the fact that 55.9 per cent. of the total assets of the savings banks of New York State is invested in this class of security and a similar state of affairs exists in nearby states, New Jersey banks having invested 42.5 per cent. of their total assets in real estate mortgage, Connecticut 39.3 per cent. and Massachusetts 51.9 per cent. The savings banks must continue to put the larger share of their funds into real estate mortgages.

The labor and material situation is such that building operations effected in the near future will not be endangered by a recurrence to the low-wage scale and the former cheap cost price materials which prevailed before the war.

Rentals are high and will continue so until such time as building operations catch up with the increase in population. It is always harder to catch up than it is to keep ahead.

It is not the hour for timidity, but for the exercise

of that sound business judgment that usually has characterized the men who are interested in New York real estate. These years of warfare, so disastrous to many other portions of the world, have certainly enriched this city and increased its prosperity from almost every point of view. But while its financial strength has been growing by leaps and bounds and its domestic and foreign commerce has exceeded the wildest dreams of its most sanguine citizen, making New York the foremost city in the world, and its population has been constantly augmented, its building progress has been held in almost complete abeyance, its streets and avenues have ceased to spread out into new territory, its harbor is still inadequately provided with docks and warehouses.

Two or three new hotels have been heroically pushed to completion and the dual subway has been put into partial operation despite almost insurmountable impediments. But otherwise the improvement of the city has been at a standstill awaiting the day. That day has come and the man combining the courage of his convictions with the exercise of business discretion will most certainly find profit in the work of providing for the pressing needs of the city for more homes, more offices, more warehouses and more buildings of every description.

## End of the Great War

The Great War came to an end Monday, November 11, 1918, at eleven o'clock in the morning (Paris time), according to the terms of the armistice laid down by the military chiefs of the Allies. Thus ended the most stupendous military conflict in human history, lasting a few days over four years and three months.

The number of nations actively engaged in the war at the cessation of hostilities was twenty-two, with a total of 31,357,383 square miles and a population of 1,349,561,000; of these 30,163,783 square miles and 1,207,870,000 population belonging to the Allies and 1,203,800 square miles with a population of 143,721,000 belonging to the Central Powers.

National wealth before the war of the five main Allies was \$406,000,000,000; that of the Central Powers \$105,000,000,000. The Allies could command on the battlefield 88,000,000 effectives as against 26,000,000 of the Central Powers.

The direct cost of the war for all belligerent nations to May 1, 1918, was reported at about \$175,000,000,000, and it is estimated that the cost will amount to nearly \$200,000,000,000 before the end of the year.

How the cost mounted as the war grew in proportion from year to year is to be noted in the following figures. The first five months of the war in 1914 cost all belligerents about \$10,000,000,000. In 1915 the expenses jumped to \$26,000,000,000. In 1916 they increased to \$38,000,000,000 and in 1917 they were estimated at \$60,000,000,000. This year expenses have been only a little above the rate last year.

About \$150,000,000,000 of the total war cost has been raised by war loans of various nations and comparatively little by taxation.

The public debt of the principal Entente countries is calculated at approximately \$105,000,000,000, or more than twice as much as the aggregate debt of the Central Powers, set at \$45,000,000,000. This does not take into consideration debt incurred since last May.

The enormous size of the war costs and debt is illustrated by comparison with the ante-war debt of seven principal belligerents, which did not exceed \$25,000,000,000. The cost of supporting this debt was only about \$1,000,000,000 a year. Hereafter the annual burden to pay interest and sinking fund allowances will be not less than \$10,000,000,000 and probably much more.

Unofficial reports indicate that Germany's national debt, represented mainly by war bonds held within the empire, is now nearly \$35,000,000,000, or more than two-fifths of the estimated national wealth of \$80,000,000,000, with a population of about 66,000,000.

The United States has 110,000,000 population and an estimated national wealth of \$250,000,000,000 with a war debt of \$18,000,000,000, which will be approximately \$23,000,000,000 within six months.

Total losses in shipping to Allies and neutrals was estimated on August 1, 1918, at 15,000,000 tons, with a pre-war value estimated at \$1,050,000,000. The loss to the United States has been 354,449 tons, or 145 vessels.

The data on war casualties is as yet incomplete. Loss in human life has been estimated at more than 8,509,000 dead and more than 7,175,000 permanently disabled, making a total of more than 15,684,000, a loss of productive man-power calculated at more than \$45,000,000,000.

# The Government's Financial Program

Secretary of the Treasury McAdoo has sent the following announcement to all American bankers:

I am sure that every patriotic banker, as well as every patriotic citizen in the United States, recognizes the imperative duty of financing the government not only to the conclusion of the armistice, but until peace has been determined and war bills have been paid. Until the peace treaty is signed, a splendid army of American heroes must be kept on duty in France as a guaranty that the kind of a peace for which America has fought will be secured. The expense of maintaining our forces in Europe, both upon land and upon sea, and the other war bills, must be paid. They cannot be paid unless the Treasury continues to have the adequate support of the bankers and people of America.

I am sure that I do not have to emphasize the appeal to the patriotism of America. The patriotism is not of the incomplete or unfinished sort; it will not be content with half doing the glorious work we have so auspiciously begun. It will be content only with a realization of all of the fruits of our glorious victories, and this cannot be accomplished until the war has been financed and peace—the handsome peace which America wishes to secure to the world—has been escorted back to America as well as to the other nations of the world.

It is, therefore, necessary that a rational program of government financing shall be executed. The policy adopted in February last and again in June, of laying before the banking institutions of the country as nearly as may be the requirements of the government during the period prior to the Third and Fourth Liberty Loans, met with very gratifying response, which provided adequately for the necessities of the government without strain or inconvenience; and I am writing now to inform you of the program for the ensuing five months, so far as one can be made at this time, in order that every bank and trust company in the United States may have adequate notice and be able to prepare itself to meet patriotically the requirements of the government. I am sending a similar letter to every bank and trust company in the United States.

The expenditures of the government, excluding transactions in the principal of the public debt, during this fiscal year, beginning July 1, 1918, to and including November 23, 1918, a period of less than five months, amounted to \$8,213,070,568.65, according to the treasury daily statements. Such expenditures during the current month of November to and including November 23, amounted to \$1,577,148,144.93, or at the rate of nearly \$2,000,000,000 for the month. The proceeds

of the Fourth Liberty Loan in excess of the amount of treasury certificates issued in anticipation of that loan have been exhausted; and the remaining installment payments to be made on subscriptions to the Fourth Liberty Loan will but little more than cover the treasury certificates of indebtedness issued in anticipation of that loan and as yet unpaid. Evidently some time must pass before the readjustment from a war to a peace basis can reflect itself in material diminution of the daily cash outgo from the treasury. Indeed, the wise policy of prompt liquidation of contracts might actually result for a time in the acceleration of demands upon the treasury; while strengthening and making more liquid the banking position of the country.

Uncertainties with respect to pending revenue legislation make it impracticable and inexpedient to borrow further at this time in anticipation of taxes. In this period of readjustment it would be difficult to set in motion any plan for the continuous sale of government bonds, and it seems that the wise policy will be to plan for one more great popular campaign in the spring for the sale of bonds, which should be of short maturities, and meanwhile to provide for the government's necessities by the issue of treasury certificates at fortnightly intervals. The first issue of the certificates will be dated December 5, 1918, and will mature May 6, 1919, with interest at 4½ per cent.; and similar issues, it is expected, will be made on Thursday of every other week following December 5.

It is not at this moment possible to forecast the cash disbursements of the government during the period of some five months which must intervene before the proceeds of another great public loan could reach the treasury, nor, therefore, to announce at this time the minimum amount of each fortnightly issue of certificates further than to say that in all probability it will not be less than \$500,000,000, nor more than \$750,000,000. The Federal reserve banks will advise all national and state banks in their respective districts of the amount of certificates which they are expected to take from time to time in pursuance of this program, which amount can be figured roughly to equal 2½ per cent. of the gross resources of each bank and trust company for every period of two weeks, or a total of 5 per cent. monthly.

I appeal with confidence to the patriotic bankers to continue to furnish the financial assistance imperatively required by the government to support America's sons on land and sea until the final consummation of their wonderful victories.

Cordially yours,

W. G. McADOO.

## Secretary McAdoo Resigns

William G. McAdoo on November 22 announced his resignation as Secretary of the Treasury and Director General of Railroads, effective as soon as his successors could be chosen. The inadequate compensation allowed to Cabinet officers and the long continued pressure of heavy responsibility were the reasons given by Mr. McAdoo for his withdrawal, necessitating a period of rest to recover his health and subsequently a return to private life to retrieve his personal fortune.

Mr. McAdoo's letter of resignation, dated November 14, follows:

DEAR MR. PRESIDENT—Now that an armistice has been signed and peace is assured I feel at liberty to advise you of my desire to return as soon as possible to private life.

I have been conscious for some time of the necessity for this step, but, of course, I could not consider it while the country was at war.

For almost six years I have worked incessantly under the

pressure of great responsibility. Their exactions have drawn heavily on my strength. The inadequate compensation allowed by law to Cabinet officers (as you know I received no compensation as Director-General of Railroads) and the very burdensome cost of living in Washington have so depleted my personal resources that I am obliged to reckon with the facts of the situation.

I do not wish to convey the impression that there is any actual impairment of my health, because such is not the fact. As a result of long over-work I need a reasonable period of genuine rest to replenish my energy. But more than this, I must, for the sake of my family, get back to private life to retrieve my personal fortune.

I cannot secure the required rest nor the opportunity to look after my long-neglected private affairs unless I am relieved of my present responsibilities.

I am anxious to have my retirement effected with the least possible inconvenience to yourself and to the public service, but it would I think be wise to accept my resignation now as Secretary of the Treasury, to become effective upon the appointment and qualification of my successor so that he may have the opportunity and advantage of participating

promptly in the formulation of the policies that should govern the future work of the Treasury. I would suggest that my resignation as Director-General of Railroads become effective January 1, 1919, or upon the appointment of my successor.

I hope you will understand, my dear Mr. President, that I will permit nothing but the most imperious demands to force my withdrawal from public life. Always I shall cherish as the greatest honor of my career the opportunity you have so generously given me to serve the country under your leadership in these epochal times.

Affectionately yours,

W. G. McADOO.

The President's letter of acceptance, dated November 21, follows:

MY DEAR MR. SECRETARY: I was not unprepared for your letter of the 14th because you had more than once, of course, discussed with me the circumstances which have long made it a serious personal sacrifice for you to remain in office. I knew that only your high and exacting sense of duty had kept you here until the immediate tasks of the war should be over. But I am none the less distressed.

I shall not allow our intimate personal relations to deprive me of the pleasure of saying that in my judgment the country has never had an abler, a more resourceful and yet prudent, a more uniformly efficient Secretary of the Treasury; and I say this remembering all the able, devoted and distinguished men who preceded you. I have kept your letter a number of days in order to suggest, if I could, some other solution

of your difficulty than the one you have now felt obliged to resort to, but I have not been able to think of any.

I cannot ask you to make further sacrifices, serious as the loss to the Government will be in your retirement. I accept your resignation, therefore, to take effect upon the appointment of a successor, because in justice to you I must.

I also, for the same reason, accept your resignation as Director-General of Railroads, to take effect, as you suggest, January 1 next, or when your successor is appointed. The whole world admires, I am sure, as I do, the skill and executive capacity with which you handled the great and complex problem of the unified administration of the railways under the stress of war uses, and will regret, as I do, to see you leave that post just as the crest of its difficulty is passed.

For the distinguished, disinterested and altogether admirable service you have rendered the country in both posts, and especially for the way in which you have guided the Treasury through all the perplexities and problems of transitional financial conditions and of the financing of a war which has been without precedent alike in kind and in scope, I thank you with a sense of gratitude that comes from the very bottom of my heart.

Gratefully and affectionately yours,

WOODROW WILSON.

President Wilson has sent to the Senate the nomination of Representative Carter Glass of Virginia to succeed Mr. McAdoo as Secretary of the Treasury.

## A Letter from the Front

From Sergeant-Major J. K. M. Waibel, a former  
Assistant in the General Offices of the American Bankers Association, to Assistant Secretary Fitzwilson

LE FOYER DU SOLDAT  
Union Franco-Américaine

October 27, 1918.

DEAR MR. FITZWILSON:

I was just thinking of a few lines I committed to memory one day and of how they apply now, in part at least:

In days of old for woe or weal  
Our heads were wood, our hearts were steel.  
But times have changed our hardihood—  
Our heads are steel, our hearts are wood.

Darn right our heads are steel. Our steel derbies are made by Henry Ford. Breast armor is being re-introduced, and if this game lasts much longer some soft (wooden) hearted chap had better devise an electric heating system for our new clothing. We can now picture our plight when the steel soles of our shoes freeze to the ground.

This war game seems to agree with me, since we found a cook who can truly minister to the interior. I can report that I am somewhat stouter than I was in the States, but I have a long time to go before I can claim physical ascendancy such as I often heard you speak about. The three things that make a soldier happy are: warm clothing, a good meal and a restful bunk. No one ever inquires who wore the clothing last; neither do we care what the cook used to make coffee, so long as it looks like the real thing. And as to how many cooties are in a bunk—we never worry. We simply crawl in for a peaceful snooze and let the Germans do their worst. The only sleep breaker is

the sentry who yells "Gas!" when he hears a German dud. He causes us to awake and adjust our respirators and wait for half an hour or more till he again gives a sign of life by shouting: "Remove Masks!" During our wait for this call we wish the next shell hits him if it was a false alarm he gave. Then we resume our resting and take our chances at hearing the next alarm. So far all our men responded to each alarm except one, and him we buried today. As the poet says: "It's a great life if you don't weaken"; but we say: "It's a weak life if you don't like the game."

We have traveled through France and through No Man's Land, and I'd like to bet my gun that no tourist agent can persuade many American soldiers, after the war, to "see France." We have seen No Man's Land and there is nothing more to see. God's country will suit us. I honestly believe that the poet who wrote that "Sunny France" stuff was under the influence of liquor while a Cook's Tours man was showing him Texas. All we get is rain. Rain in the morning, rain in the night, rain in the mess kit and rain in bed. Anyone who wishes to charge batteries can import rain water from France. Beaucoup rain here.

By the time you receive this note you will have read accounts of a big smash at the Germans for which we are all set now. I don't mind the smash the Germans get or the noise of the guns, but I hate to think of the deluge that our gunfire will bring down.

Now for a sound sleep with dreams of a good breakfast.

My best regards and good wishes.

Yours,

JULIUS WAIBEL.

## Meeting of the Administrative Committee

The Administrative Committee of the American Bankers Association met in the General Offices, 5 Nassau Street, New York, on November 20, 21 and 22, 1918, its sessions lasting for two and one-half days. The Committee now comprises: President Robert F. Maddox, Atlanta, Ga., Chairman; Ex-President Charles A. Hinsch, Cincinnati, Ohio; First Vice-President Richard S. Hawes, St. Louis, Mo.; W. P. Sharer, Zanesville, Ohio; C. J. Bell, Washington, D. C.; J. W. Platten, New York, N. Y., representing the Trust Company Section; V. A. Lersner, Brooklyn, N. Y., representing the Savings Bank Section; Oliver J. Sands, Richmond, Va., representing the National Bank Section, and C. B. Hazlewood, Chicago, Ill., representing the State Bank Section. Every member was present. General Secretary Fred. E. Farnsworth and General Counsel Thomas B. Paton were also in attendance.

At the annual convention in Chicago last September the Administrative Committee was increased from five members to nine to allow for Section representation thereon and this was the first meeting under the enlarged committee. The affairs of the Association were discussed in detail and careful consideration was given to the many problems presented. The General Secretary reported the Association membership as 19,206. The matter of a place for holding the spring meeting of the Executive Council and the next annual convention of the Association was discussed and action deferred, announcement to be made at a later date.

The Executive Council at its meeting in Chicago, having referred to the Administrative Committee with power the question of who are eligible to membership in the Association, a sub-committee took the matter in hand and their recommendations were unanimously concurred in by the Administrative Committee. The action follows:

"Pursuant to the action taken at the Chicago Convention referring to the Administrative Committee the matter of determining what firms, corporations and individuals are entitled to membership under the provisions of Article II, Section One, giving membership to private bankers and banking firms, the sub-committee recommend to the Administrative Committee as follows: That in the opinion of your Committee, corporations and firms engaged in the following lines of business are hereby declared eligible, namely: Dealers in commercial paper; dealers in investment securities; dealers in real estate mortgage securities; title companies; safe deposit companies, and Morris Plan banks."

Announcement having been made that Jerome Thralls, Secretary of the Clearing House and National Bank Sections, would soon leave to accept a position with the Discount Corporation of New York, the following resolution was unanimously carried:

"Whereas, Mr. Jerome Thralls has tendered to this Committee his resignation as Secretary of the Clearing House

Section and as Secretary of the National Bank Section of The American Bankers Association,

"Therefore, Be It Resolved, That this Committee is desirous of expressing its deep appreciation of the services rendered by Mr. Thralls to the American Bankers Association since his incumbency as section secretary. Through his ability and splendid energy he has not only accomplished much in advancement of the interests of the Association, but has been a continuous source of inspiration to all with whom he had been associated. We believe that the achievements of Mr. Thralls in the development of the National Bank and Clearing House Sections have contributed in large measure to the present high prestige and influence of the American Bankers Association. In him we lose as much as the Discount Corporation of New York gains, and we have every reason to believe that in the new field of activity in which he will engage, success in high degree will accompany him. This Committee highly commends him as distinctively worthy of the confidence and esteem of his new associates.

"Be It Further Resolved, That this resolution be spread upon the minutes of this meeting, and that a copy of same, signed by the President and the General Secretary, be forwarded to Mr. Thralls."

The matter of advertising in the JOURNAL was taken up and discussed and a resolution was passed defining the character of advertisements to be accepted. Under this resolution, the JOURNAL may publish the advertisements of "all firms, corporations or individuals who sell either manufactured articles or other necessities to banks or bankers"; also advertisements "from brokers, private bankers or investment departments of financial institutions, to be limited to advertisements containing matter pertaining to the sale of bonds, securities, underwriting syndicates, reorganizations and notice to security holders." There shall be nothing in the advertisements soliciting the deposit accounts of banks.

The enlarged Administrative Committee, with its Section representation by the respective Presidents of the Trust Company, Savings Bank, National Bank and State Bank Sections, is eminently satisfactory and cannot help but increase the efficiency and usefulness of the Association to its growing membership.

### RECONSTRUCTION CONFERENCE

The Chamber of Commerce of the United States of America having announced a "War Emergency and Reconstruction Conference" to be held at Atlantic City December 4, 5 and 6, President Maddox appointed as a special committee to represent the American Bankers Association Paul M. Warburg and Lewis E. Pierson of New York City, S. Davies Warfield of Baltimore and George M. Reynolds of Chicago.

General Secretary Farnsworth represented the Association, as General Secretary, in a meeting of commercial organizations. He also represented the Huntington Business Association of Huntington, Long Island, as a National Councillor.



## Sales of War Savings Stamps

The following tabulation gives the total sales of War Savings Stamps and Thrift Stamps through post offices and Federal reserve banks for the month of October and total sales from the beginning of the campaign to November 1, inclusive, compiled from reports received by the Treasury Department:

Grade	State	October Sales	Per Capita	Grade	State	Total Sales for Campaign to October 1st	Per Capita
1	Ohio .....	\$9,763,167.31	1.85	1	Nebraska .....	\$26,541,298.43	20.62
2	North Dakota.....	1,189,834.46	1.79	2	Ohio .....	76,493,576.93	14.54
3	South Dakota.....	1,076,429.04	1.78	3	South Dakota.....	8,331,604.10	13.81
4	Washington .....	2,207,568.72	1.42	4	District of Columbia.....	4,905,127.07	13.38
5	Montana .....	624,519.19	1.34	5	Oregon .....	11,368,472.17	13.15
6	Oregon .....	1,126,057.45	1.29	6	Kansas .....	24,257,196.37	12.84
7	Utah .....	569,347.28	1.28	7	Indiana .....	35,461,115.12	12.40
8	Idaho .....	558,827.54	1.25	8	Iowa .....	29,210,586.74	12.32
9	Wisconsin .....	3,011,568.90	1.19	9	Washington .....	18,767,894.05	12.04
10	Texas .....	5,264,678.49	1.18	10	Missouri .....	40,903,174.89	11.50
11	Minnesota .....	2,623,432.30	1.13	11	Nevada .....	1,274,348.88	11.42
12	California (N).....	2,120,528.08	1.10	12	Montana .....	5,315,349.59	11.23
12	Nevada .....	121,939.25	1.10	13	California (N).....	21,393,507.35	11.00
12	Wyoming .....	155,674.46	1.10	14	Vermont .....	4,038,356.00	10.98
15	New Hampshire.....	478,256.21	1.07	15	Wisconsin .....	26,324,163.42	10.42
16	Oklahoma .....	2,359,807.80	1.04	16	California (S).....	11,036,313.21	10.30
16	Nebraska .....	1,353,137.89	1.04	17	West Virginia.....	14,345,344.77	10.25
16	Tennessee .....	2,415,520.99	1.04	18	Colorado .....	10,490,024.99	10.20
19	Rhode Island.....	650,436.26	1.03	19	Minnesota .....	22,541,994.21	9.66
20	Colorado .....	1,038,860.09	1.02	20	New Hampshire.....	4,296,015.02	9.60
21	Kansas .....	1,896,726.06	1.01	21	Utah .....	4,148,750.40	9.28
21	West Virginia.....	1,428,992.99	1.01	22	Arizona .....	2,342,530.56	8.91
23	Vermont .....	350,012.08	.96	23	Connecticut .....	11,270,146.29	8.59
23	Iowa .....	2,261,075.83	.96	24	Texas .....	38,567,622.94	8.47
23	District of Columbia.....	352,183.07	.96	25	Delaware .....	1,941,456.52	8.28
26	Mississippi .....	1,863,094.36	.93	26	Wyoming .....	1,165,606.76	8.20
27	North Carolina.....	2,221,899.17	.92	27	Maine .....	6,379,073.87	8.15
28	Arizona .....	238,889.99	.91	28	Illinois .....	50,445,570.18	8.03
29	California (S).....	997,047.22	.89	29	Kentucky .....	19,116,160.26	7.88
30	Indiana .....	2,657,797.98	.88	30	Oklahoma .....	18,143,238.41	7.81
31	Connecticut .....	1,150,325.23	.87	31	Tennessee .....	17,950,607.51	7.68
32	Maine .....	670,100.68	.86	32	Rhode Island.....	4,808,788.60	7.62
32	New York (U).....	4,213,723.17	.86	32	Idaho .....	3,416,722.16	7.62
34	Virginia .....	1,888,910.11	.84	34	New York (U).....	35,453,640.06	7.25
35	Pennsylvania (W).....	2,212,041.25	.77	35	Pennsylvania (W).....	19,674,531.09	6.82
36	Missouri .....	2,624,978.64	.75	36	Pennsylvania (E).....	38,121,278.54	6.61
37	Arkansas .....	1,288,367.30	.73	36	North Carolina.....	16,036,689.95	6.61
38	Delaware .....	167,583.88	.71	38	North Dakota.....	4,327,757.61	6.51
38	South Carolina.....	1,168,090.10	.71	39	New York City.....	36,941,109.54	6.28
40	Louisiana .....	1,271,267.02	.69	40	Louisiana .....	11,204,514.97	6.03
41	Georgia .....	1,962,523.11	.68	41	Michigan .....	19,898,606.65	5.75
41	Michigan .....	2,345,502.40	.68	42	Mississippi .....	11,117,423.33	5.56
43	Pennsylvania (E).....	3,784,968.40	.67	42	Arkansas .....	9,874,486.53	5.56
44	Illinois .....	4,082,568.62	.65	44	Florida .....	5,066,511.11	5.49
45	Florida .....	639,874.93	.62	45	Maryland .....	7,416,376.61	5.27
45	Kentucky .....	1,448,341.37	.62	46	Virginia .....	11,675,519.63	5.18
47	New York City.....	3,556,681.60	.60	47	Massachusetts .....	19,918,369.97	5.10
48	Massachusetts .....	2,166,595.32	.56	48	New Jersey.....	15,068,398.46	5.02
49	Alabama .....	1,302,666.51	.55	49	New Mexico.....	1,613,429.34	4.64
50	New Jersey.....	1,563,282.95	.50	50	South Carolina.....	6,237,387.30	3.78
51	New Mexico.....	151,233.38	.43	51	Alabama .....	8,741,561.03	3.67
52	Maryland .....	507,258.24	.36	52	Georgia .....	10,341,576.87	3.60
Total.....		\$86,391,765.90	.82	Total.....		\$659,467,892.58	8.16



## Oklahoma State Chapter of the Institute

The first convention of the Oklahoma State Chapter of the American Institute of Banking was held in the banquet rooms of the Lee-Huckins Hotel, Wednesday evening, November 13, from eight to eleven o'clock.

The attendance was good, notwithstanding there were other attractions to divide the crowd. Guy C. Robertson, president of the Oklahoma Bankers Association, presided. The welcome address was delivered by R. E. Smith, assistant cashier of the State National Bank of Oklahoma City, in his easy, deliberate manner, and left no doubt of welcome in the minds of the visiting delegates as he proceeded to turn the keys of the city over to them. The response was made by Lew Nermanden, assistant cashier of the Commercial Bank of El Reno, and those who were fortunate enough to hear it agree that the chapter is starting with the right kind of material.

The principal address of the evening was made by George E. Allen, Educational Director of the American Institute of Banking.

Mr. Allen outlined each course of study and elaborated on its salient points of vantage, and convinced the most skeptical that the benefits to be obtained from the courses of study are inestimable and cannot be valued in dollars and cents. He touched on the history of banking, its relation to economics, its general functions and characteristics, dwelling at length on the relation of employer and employee, and hinted strongly at the possibilities of our enlarged banking responsibilities under the reconstruction.

Mr. Allen commented on the value of a thorough banking education, and insisted on every employee of a bank in Oklahoma taking advantage of the courses of study offered.

The chair then appointed committees on credentials, nominations and resolutions, after which four-minute talks were made by the following well-known bankers: Ralph Leavitt, manager of the Clearing House of

Oklahoma City; Frank Wikoff, president of Oklahoma City Clearing House; Harry Bagby, manager of the Tulsa Clearing House; Charles Engle, president of the State Bankers Association; J. F. Buck, assistant Bank Commissioner; Thomas Hartman, vice-president Producers State Bank of Tulsa; Bert Hudson, vice-president Commercial Bank of El Reno; and E. W. Jacobs, vice-president of the Exchange National Bank of Tulsa.

An appeal was made for membership, and nearly all present signed application cards for enrollment. Many cards were received through the mails, and the opening membership was much greater than expected.

The following officers were elected: E. W. Jacobs of the Exchange National Bank of Tulsa, president; R. E. Smith, assistant cashier of the State National Bank of Oklahoma City, vice-president; Eugene P. Gum, secretary of the Oklahoma Bankers Association, secretary. The executive committee appointed Earl G. Morris of the Commercial Bank of El Reno to fill the vacancy of ex-president.

The members of the executive committee are the three officers of the chapter and ex-officio, the president of the State Bankers Association, C. L. Engle of El Reno; the president of the Oklahoma Bankers Association, Guy C. Robertson of Lawton; the State Bank Commissioner, J. D. Lankford; the Educational Director, Ralph Leavitt, and J. I. Howard of Oklahoma City.

Articles of association were drawn, read and adopted, after which telegrams and letters were read from J. C. Thomson, President of the American Institute of Banking; R. S. Hecht, ex-president of the American Institute of Banking; J. D. Lankford, Bank Commissioner, and the First National Bank of Walters, Okla., congratulating those present on the organization of the chapter and wishing it success, after which committees reported and the convention adjourned.

## Farm Tractors in the United States

An investigation of the tractor situation in this country recently was completed by the office of Farm Equipment Control, United States Department of Agriculture. It was desired to obtain accurate information regarding the status of the farm tractor industry in order to determine what action would be necessary to facilitate an adequate and equitable distribution of tractors throughout the country. The investigation was made pursuant to the President's proclamation of May 14, 1918, relating to the farm equipment industry, which was issued under authority of the Food Control Act of August 10, 1917. In connection with this investigation a report was received from every tractor manufacturer in this country concerning the number of tractors manufactured and their distribution between January 1, 1916, and July 1, 1918.

A summary of these reports is given below:

NUMBER OF TRACTORS MANUFACTURED	
1916 .....	29,670
1917 .....	62,742
January 1 to June 30, 1918.....	58,543
Total .....	150,955
NUMBER OF TRACTORS SOLD	
To users:	
1916 .....	27,819
1917 .....	49,504
To exporters:	
1917 .....	14,854
1918 (first six months).....	15,610
Number of tractors on hand, in transit, or in hands of dealers at time of report (August, 1918) .....	
	11,388

# Grist from the News Mill

## GOLD AND SILVER RESTRICTIONS REMOVED

The War Industries Board on November 16 removed the war-time restriction imposed on the domestic uses of gold and silver for industrial purposes.

## SECRETARY McADOO ADVISES TAXATION REVISION

Secretary of the Treasury McAdoo, in a letter to Senator Simmons, Chairman of the Senate Finance Committee, written three days after the close of hostilities (November 14) recommended that the pending revenue bill be cut to \$6,000,000,000 for the present fiscal year, with a provision for a further cut to \$4,000,000,000 the following year. Mr. McAdoo's presentation of the nation's financial problem is thus summed up by the New York Sun:

1. The existing revenue law is not satisfactory to the country nor to the Administration and the pending revenue bill is more stringent than the situation now justifies.
2. While expenditures for this fiscal year had the war continued would have reached the estimated amount of \$24,000,000,000, it is now estimated that they will reach only \$18,000,000,000 by June 30, 1919, though a decrease in the government's expenditures, while great, cannot be at a very rapid rate.
3. Congress is asked for authority to continue extension of credits and loans to the Allies even after the peace proclamation.
4. The excess profits tax should not be greater than in the existing law and should be paid only when it would yield greater revenue than the war profits tax, while both war and excess profits taxes should end after the collections for the calendar year 1918 are made.
5. If it is necessary for the calendar year 1919 to increase corporation and individual income normal taxes to bring revenue up to \$4,000,000,000 after the war and excess profits taxes are abandoned this action should be taken.
6. Where there is some uncertainty in foretelling the government's revenue needs when the country returns to a real peace basis the necessary expenditures by the Treasury Department make it appear that an annual revenue of \$4,000,000,000 "seems a very moderate one."
7. Adequate safeguards to business in the form of liberal amortization tax exemptions are recommended for incorporation in the revenue bill and a plan for spreading incomes and profits tax payments over the whole year in quarterly payments on the fifteenth day of March, June, September and December is suggested. This would also give relief to taxpayers during the readjustment period.

## GOVERNMENT TAKES RAILWAY EXPRESS

By Executive proclamation, the Federal Government took over as of November 18 the business of the American Railway Express Company and placed it under the jurisdiction of Director General McAdoo.

## STATE BANK COUNCIL BEGINS WORK

The United States Council of State Banking Associations, which recently established an office at Washington, has begun work by undertaking to inaugurate a concerted movement by state banking interests in behalf of uniformity of state bank laws and Federal legislation to encourage state institutions to join the Federal reserve system. According to a statement

issued, the Council hopes, by close co-operation with the Federal Reserve Board, to secure legislation "which will permit all state banks, the character of whose business makes them eligible, to become members of the Federal reserve system." The statement says further that "in establishing an office in Washington the council did not have in view the creation of an agency to advocate legislation designed merely to give one class of banks, or banks in one locality, an advantage over others, but rather to assist as far as possible in the constructive development of our banking laws to the end that our banking resources may continue to meet the abnormal demands made upon them."

## SEEK MOTOR CAR TRADE WITH SOUTH AMERICA

The Automobile Chamber of Commerce has asked Secretary of Commerce Redfield to give special attention to the building up of a substantial trade in automobiles with South America. Secretary Redfield, it is reported, has referred the letter to the Bureau of Foreign and Domestic Commerce with a favorable recommendation.

## WOULD ESTABLISH "COMMERCIAL RESERVE"

The United States Section of the International High Commission at a recent meeting discussed, and finally approved, a suggestion by Col. John H. Wigmore, U. S. A., Dean of the Northwestern University Law School, for the establishment of a "commercial reserve." Colonel Wigmore's proposal is that there be established through the Chambers of Commerce and other commercial organizations in the United States a list of several thousand men thoroughly acquainted with commercial conditions in Latin-America, and with sufficient command of Spanish or Portuguese to represent American enterprises. Any of these men might be called upon by the international banking and trade organizations of the country to go to Latin-America or elsewhere. This list would be kept at headquarters in Washington. The working out of the suggestion will be the subject of conferences to be held by a sub-committee appointed for the purpose.

## MEXICAN GOLD COINAGE

The Mexican Government has decided, in order to relieve the stringency of currency due to the increased value of silver bullion, to issue gold coins of the value of two and one-half pesos each, equivalent to \$1.25 American gold. Heretofore the gold coinage of the republic has comprised only five, ten and twenty peso pieces, equivalent to half of those amounts in American gold. Since November, 1916, the total amount of coinage in Mexico, according to the Director of the National Mint, has been as follows: Twenty-peso gold coins, \$70,640,000; ten-peso gold coins, \$19,925,000; five-peso gold coins, \$2,005,000; fifty-cent pieces, silver, \$19,456,000; five-centavo bronze coins, \$183,000; one-centavo coppers, \$5,000; a total of \$112,214,000.

### THRIFT STAMPS AN INSTITUTION

Washington advices state it is practically certain that thrift stamps have come to stay, as they will be retained in some form after peace has been concluded. The Administration is said to favor some plan whereby a government security of low denomination can be available at all times for the man of small means who seeks encouragement in thrift and perfect security for his investment.

### IMPORTS AND EXPORTS DECREASE

Imports as well as exports of merchandise decreased in October as compared with preceding months of this year, according to a statement issued by the Bureau of Foreign and Domestic Commerce, Department of Commerce. Imports were valued at \$247,000,000 against \$262,000,000 in September and \$273,000,000 in August of this year and \$221,000,000 in October, 1917. During the ten months ended with October, 1918, the value of imports was \$2,569,000,000 against \$2,504,000,000 in 1917. Exports amounted to \$503,000,000 against \$550,000,000 in September and \$528,000,000 in August of this year and \$542,000,000 in October, 1917. During the ten months ended with October, 1918, exports amounted to \$5,063,000,000, a decrease from \$5,146,000,000 in the same period a year ago.

Imports as well as exports of gold are decreasing. The imports amounted to less than \$1,500,000 in October of this year against over \$4,000,000 in October, 1917, and during the ten months ended with October of this year to \$58,000,000 against \$532,000,000 in 1917. Gold exports during October, 1918, amounted to \$2,000,000 against \$11,000,000 a year ago and during the ten months ended with October of this year to \$36,000,000 against \$360,000,000 last year. The trade in silver continues to increase. Imports increased from \$38,000,000 during the ten months ended with October, 1917, to \$62,000,000 in 1918, and silver exports increased in the same period from \$69,000,000 to \$197,000,000.

### ADJUSTMENT OF WAR CONTRACTS

The War Service Committee of the Chamber of Commerce of the United States, in a letter signed by President Harry A. Wheeler, urges on President Wilson the earliest possible announcement of a comprehensive plan for readjustment of war contracts. The committee urges the immediate creation of a clearance committee to which all proposals to cancel contracts would be referred by the government departments concerned. At the same time, the committee expresses satisfaction that the President has indicated he is giving earnest consideration to this subject, and points out that its letter is for the purpose of calling attention to the serious situation that might be brought about if the utmost care is not exercised in dealing with the situation. Cancellation of contracts in the short period since the surrender of Germany, it is pointed out, has caused a great deal of apprehension and disturbance, and the fact is emphasized that great difficulties will have to be faced unless the transition from war to peace production is gradual. Cessation of work in the small number of instances where steps have already

been taken, it is declared, is causing uneasiness among the country's banks which have extended credit to contractors and subcontractors.

It is suggested that a clearance committee, if named, should handle all cancellations, so that raw materials released by the cessation of war production may be allocated to industries able to use them immediately for peace-time needs. The committee is of the opinion, the letter declares, that war contracts should not be cancelled until provision is made for the absorption of these raw materials.

"Another serious situation," it is declared, "is that involving the protection of values in stocks of raw materials in hand which a very large number of manufacturers engaged on government work purchased at the high prices which have prevailed and are now carrying. If, through sudden cancellation, these stocks are now freed and no arrangement is made for their utilization in some other direction there is likely to be a very great decline in prices, temporarily at least, until demands in other directions assert themselves."

### MONEY ORDER REMITTANCE BY BANK DRAFT

The Third Assistant Postmaster General has issued the following: "The postal laws and regulations of this department prescribe that surplus money-order funds remitted by use of drafts and checks shall be accepted by depository postmasters only when such paper is drawn on a bank located in the same city in which the depository office is situated. In view of the facilities offered by the Federal Reserve Act in the matter of exchange furnished by Federal reserve banks, it has been decided that drafts issued by such banks bearing the inscription 'Any Federal reserve bank will accept this check for immediate availability at par or collectible at par through the Federal reserve bank,' may be accepted by money-order depository postmasters, provided, of course, there will be no cost for exchange. Certificates of deposit on money-order account covering remittances made by means of such drafts should be issued immediately, the transaction, of course, to be later adjusted should any such draft be dishonored. In case of such dishonored drafts the usual notices should be sent to the Third Assistant Postmaster General, Division of Money Orders, and the inspector in charge."

### BRITISH WAR-PLANTS AND POST-WAR TRADE

It has often been said that to convert its huge war-plants to a peace basis will be Britain's greatest post-war industrial problem, and that if the conversion is made Britain will have the goods and material, at least, with which to recapture her share of the world's markets. But, nevertheless, says the American Chamber of Commerce in London, a new steel company, of which the capital will soon be increased from \$5,000,000 to \$25,000,000, has just been formed by the National Metal and Chemical Bank and by Baldwins. The directors are well-known upholders of the policy of vigorous British trade development and the Board of Trade's model clauses for key industries have been adopted making it impossible for the business to pass from British control. Large sites have been secured with the idea of producing at least 20,000 tons of pig iron per week.

## AMERICANIZATION OF GERMAN-OWNED INDUSTRIES

A. Mitchell Palmer, Alien Property Custodian, has appealed to the bankers of the country to co-operate with him in Americanizing the great German-owned industries of this country. He said he would continue the Americanization of these industries until every iota of enemy ownership was completely wiped out and the business placed in the hands of 100 per cent. Americans. Mr. Palmer's appeal to the bankers was made in an address at the Quarterly Club dinner at the Metropolitan Club in New York on Wednesday evening, November 6. The Alien Property Custodian also thanked the bankers of the country for their generous and hearty co-operation in the work of his office. He said he was the custodian of between \$700,000,000 and \$800,000,000 of enemy money and property, and that he hoped to be given the power to use this money to pay the just claims of American citizens against the German Government due to its illegal warfare.

## NO MORE BUILDING RESTRICTIONS

Chairman B. M. Baruch of the War Industries Board authorizes the announcement that all remaining restrictions on non-war construction throughout the United States have been removed. This allows all building operations of whatever character, held up in the interest of the war program, to proceed. Permits will no longer be required.

## FARM LOANS ISSUED

According to the report of the Federal Farm Loan Board, farmers have borrowed a total of \$139,378,156 from the twelve farm loan banks since the organization of the system in March, 1917. Only \$86,000 in loans is overdue, according to the report. Delinquency occurred almost entirely in sections where there had been crop failures. Farm loan bonds have been issued to the amount of \$140,122,200.

## JAPANESE BANKERS LEND TO FRANCE

The Financial Commission of the Imperial Japanese Government in this country announces that a credit of \$25,000,000 has been arranged in Japan for the French Government. The Japanese bankers' syndicate is handling the new issue of French bonds, which will appear in denominations of Japanese currency. The bonds will be known as the French Government Yen-Exchequer bonds of 1918, maturing in 1921 and bearing interest at 6 per cent. They are intended to adjust the payment for goods ordered in Japan by the French Government.

## BRITISH CURRENCY AFTER THE WAR

British gold will continue to be unknown in British domestic circulation after the war if the very conservative recommendations, just issued, of Lord Cunliffe's parliamentary committee on post-war currency and exchange are adhered to. All possible reserves of gold would be concentrated in the Bank of England and used for controlling exchanges and as a reserve to guarantee the solidity of the financial system. The familiar treasury notes which now form much the

largest part of the currency (if the part played by checks is omitted) would soon be displaced by Bank of England notes and later these would be restricted to a certain total amount as compared with the actual gold reserve. A report received from the American Chamber of Commerce in London points out that if the recommendations were accepted by the British Government it would possibly be the beginning of a new phase in international peace-time trade in which the chief governments of the world would consider it part of their duty toward their industry and commerce to guarantee that the rate of exchange should never be unfavorable.

## COST OF THE WAR TO THE UNITED STATES

Secretary McAdoo in his annual report estimates that for the fifteen months ended last June the actual cost of the war, with allowances for the government's ordinary expenses in ordinary times, amounted to \$13,222,000,000. Nearly half of this, or \$6,499,000,000, went into permanent investments, in the form of ships, ship-yards, war vessels, army camps, buildings, and in loans to Allies or to American war industries. Of the year's expenses 31.6 per cent. came from taxation. The total ordinary disbursements for the year amounted to \$8,966,000,000, and ordinary receipts, excluding money received from Liberty Loans, amounted to \$4,174,000,000. Loans to Allies during the year amounted to \$4,739,000,000 additional.

The Secretary estimates expenditures for this year at \$20,687,000,000 for government purposes and \$1,375,000,000 for loans to Allies and \$2,540,000,000 for redemption of outstanding certificates and other debt cancellation. Total estimated disbursements for the year were put at \$27,718,000,000. Against this estimate, Mr. McAdoo calculated that the government would receive about \$5,000,000,000 before the end of the fiscal year next June 30, from income and profits taxes; \$1,100,000,000 from other taxes, \$190,000,000 from customs and \$555,000,000 from miscellaneous sources, including \$70,000,000 from increased postage, making estimated receipts from ordinary sources \$6,846,000,000. In addition, he figured roughly on a little more than \$5,000,000,000 from further issues of Liberty bonds and \$1,200,000,000 from war savings. These figures, added to receipts from Liberty Loan bonds already sold, make \$14,168,000,000, the total of popular borrowings expected during the year. On this basis total estimated receipts would be \$21,022,000,000, or \$6,695,000,000 less than tentative estimates of disbursements. Actual developments are expected to change these calculations greatly.

## A CORRECTION

As the result of a typographical error in the November issue of the JOURNAL, W. A. Losey, cashier First National Bank, Hagerman, was given as the treasurer of the New York State Bankers Association. Mr. Losey is treasurer of the New Mexico Bankers Association and Otho Churchill, cashier Bank of Hamburg, Hamburg, is treasurer of the New York State Bankers Association.

# LEGAL DEPARTMENT

THOMAS B. PATON, GENERAL COUNSEL

## Consolidation of National Banks

CONGRESS has recently passed a law to provide for the consolidation of national banks. The House Committee on Banking and Currency in favorably reporting the bill on this subject (H. R. 10,205), which has now become law, stated the following as the purpose of the measure:

"This bill has but one object, and that is to simplify the consolidation of existing national banks in any county, city, town or village, where two or more national banks desire to consolidate. Under existing law if such consolidation is desired, it is necessary for one of the banks to surrender its charter, and go through the process of liquidation. It is the purpose of this bill to remove the necessity of liquidation and permit the consolidation to take place upon the affirmative vote of the stockholders of each association, such consolidation being permitted under the charter of either of the existing banks. Proper provision is made by the proposed law to protect any dissenting stockholder in either corporation, who does not desire to be connected with the consolidated bank."

The Senate Committee on Banking and Currency accompanied its favorable report of the bill with the following statement of its object:

"This bill provides for the consolidation of national banking associations with each other by an easier method than that which has heretofore existed. There is no provision in law at the present for such consolidation. It has heretofore been necessary for one to absorb the other, and it has happened that banks which might be advantageously brought together are kept apart from pride or unwillingness of one or the other to be absorbed. Consolidation on terms of equality is regarded differently and there seems to be no reason why this should not be permitted as proposed in the bill."

Following is the full text of the law as passed:

[PUBLIC—No. 240—65TH CONGRESS.]

[H. R. 10205.]

An Act to provide for the consolidation of national banking associations.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That any two or more national banking associations located within the same county, city, town or village may, with the approval of the Comptroller of the Currency, consolidate into one association under the charter of either existing banks, on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of each associa-

tion proposing to consolidate, and be ratified and confirmed by the affirmative vote of the shareholders of each such association owning at least two-thirds of its capital stock outstanding, at a meeting to be held on the call of the directors after publishing notice of the time, place and object of the meeting for four consecutive weeks in some newspaper published in the place where the said association is located, and if no newspaper is published in the place, then in a paper published nearest thereto, and after sending such notice to each shareholder of record by registered mail at least ten days prior to said meeting: *Provided*, That the capital stock of such consolidated association shall not be less than that required under existing law for the organization of a national bank in the place in which it is located: *And provided further*, That when such consolidation shall have been effected and approved by the comptroller any shareholder of either of the associations so consolidated who has not voted for such consolidation may give notice to the directors of the association in which he is interested within twenty days from the date of the certificate of approval of the comptroller that he dissents from the plan of consolidation as adopted and approved, whereupon he shall be entitled to receive the value of the shares so held by him, to be ascertained by an appraisal made by a committee of three persons, one to be selected by the shareholder, one by the directors and the third by the two so chosen; and in case the value so fixed shall not be satisfactory to the shareholder he may within five days after being notified of the appraisal appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding; and if said reappraisal shall exceed the value fixed by said committee, the bank shall pay the expenses of the reappraisal; otherwise the appellant shall pay said expenses, and the value so ascertained and determined shall be deemed to be a debt due and be forthwith paid to said shareholder from said bank, and the share so paid shall be surrendered and after due notice sold at public auction within thirty days after the final appraisement provided for in this Act.

SEC. 2. That associations consolidating with another association under the provisions of this Act shall not be required to deposit lawful money for their outstanding circulation, but their assets and liabilities shall be reported by the association with which they have consolidated. And all the rights, franchises and interests of the said national bank so consolidated in and to every species of property, personal and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such national bank into which it is consolidated without any deed or other transfer, and the said consolidated national banks shall hold and enjoy the same and all rights of property, franchises, and interests in the same manner and to the same extent as was held and enjoyed by the national bank so consolidated therewith.

Approved, November 7, 1918.

## Allowance of Merchandise Depreciation

THE following resolution was adopted at the Chicago Convention of the Association:

### ALLOWANCE OF MERCHANDISE DEPRECIATION

*Whereas*, The constant rise in the prices of commodities has resulted in a condition of increasing danger to the merchant and manufacturer, which danger is bound to be of concern to the banks of the United States, it is our belief that the facts surrounding these conditions should be given

serious consideration by those in charge of the taxing program of the government,

*Therefore, Be It Resolved*, That we recommend the approval of the amendment to the present draft of the Revenue Law known as "H. R. 12863," offered by the National Dry Goods Association, and more recently approved by the Advisory Council of the Federal Reserve Board, which amendment is as follows:

"Add to Section 202 of the proposed Bill the following paragraph:

"A reasonable allowance being made for the increased cost of merchandise so inventoried over the average cost of like merchandise during the pre-war period."

The entire section would then read as follows:

"Section 202. That whenever in the opinion of the Commissioner the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the Commissioner, with the approval of the Secretary, may approve or prescribe as most clearly reflecting the income of the taxpayer."

Pursuant to the above, the Committee on Federal Legislation of our Association have been active, in connection with representatives of the National Dry Goods Association and other mercantile interests in an endeavor to bring about an amendment of the Revenue bill in accord with the spirit of the resolution adopted. It developed that members of the Senate Finance Committee did not favor the precise form of Amendment to Section 202, as framed at Chicago for the reason that it would allow too much latitude to the Commissioner of Internal Revenue. The Committee on Finance had itself under consideration the addition of a new section, to be numbered 203, which would allow the taxpayer, in case of excessive valuation, to obtain reimbursement from the government by deduction from taxation in a future year. While this was a measure of relief, as far as it went, it was deemed by our Committee on Federal Legislation and allied mercantile interests not to go far enough, as it would not relieve from the hardship of present payment of excessive taxes based on a too high valuation. A further amendment was therefore framed and agreed upon, to be urged as an addition to Section 202, as follows:

b. In case the articles dealt in and inventoried by the taxpayer are of a kind whose cost has substantially increased since the close of the pre-war period as defined in Title III of this Act, the taxpayer may reduce the amount of the inventory determined in accordance with the foregoing provision, by a deduction of not more than 20 per centum; and in the event of such deduction the taxpayer shall with his return, under the provisions of this Act, give a bond to the United States in such form and in such amount and with such surety or sureties as may be approved by the Commissioner, conditioned that if, during the next succeeding taxable year, the cost of such like articles shall not have declined to the full amount of such deduction the taxpayer shall pay an additional tax, determined in accordance with the provisions of this Act, on the excess of such deduction over said decline in cost.

On November 11th and 12th representatives of our Committee on Federal Legislation met in Washington in connection with this subject and on the latter day the above amendment was presented to Chairman Simmons of the Senate Finance Committee by Chairman Newcomer of our Committee on Federal Legislation, who also submitted in written form the following concise statement covering the main points made in the oral presentation:

"The matter of the basis of inventories for our merchants has given serious concern, not only to our merchants themselves, but to bankers throughout the country, who fear a serious undermining of the credit structure involving widespread liquidation of large business corporations, with consequent loss on the vast volume of paper carried for these merchants. On account of the rediscount of this paper in large volume with the Federal reserve banks the situation is more or less alarming to them also, and an amendment to the section in question has been unanimously recommended by the Advisory Council of the Federal Reserve Board.

"This matter has had the attention of various trade bodies throughout the United States and of many of the clearing houses, and has been the subject of strong resolutions from many of these. At the Chicago convention of the American Bankers Association a unanimous vote placed the Association squarely on record in the matter, with instructions to its officers to endeavor to secure an amendment. The arguments on the subject have already been placed before you and may be briefly summarized by stating that the assessment of the year's profit on a basis which assumes the full cost of merchandise purchased on a rising market to be a correct value for taxation purposes is:

(a) calling for payment of taxes in cash on profits which may not, and probably will not, be realized;

(b) it compels the merchants to present a statement which from the banker's standpoint is largely inflated;

(c) it compels the borrowing of a large amount of money for the payment of taxes, and should the loss develop as feared such loans would be in peril;

(d) we are advised that several large concerns are seriously considering the question of liquidation and it is feared that this would lead others to do the same, which would be most unfortunate;

(e) in our opinion, the proposed amendment now before the Committee creating a new Section 203, while good as far as it goes and while it is an improvement on the existing section, does not cover the ground, as it provides not protection but restitution, which is of doubtful efficacy and in any case would come too late.

"Neither the merchants nor the bankers have the slightest desire to avoid the payment by the merchants of their full share of taxes, and the amendment which we beg to submit herewith, being an addition to Section 202, incorporates the opinion of a Treasury expert and, in our judgment, while protecting the legitimate rights of the merchants is perfectly fair to the government and assures the latter of every dollar of taxes on a fair basis, including the power of collecting on the full cost value of merchandise should the feared depreciation not materialize."

The following is the substance of a circular which was subsequently issued by the Committee on Federal Legislation to the members of our Federal Legislative Council and others in behalf of the adoption of the proposed amendment:

"Under Section 202 of H. R. 12,863—the proposed Revenue bill—merchants and manufacturers will be compelled to inventory their goods at present inflated values as a basis of determining income and excess profits taxes. The prices of goods so inventoried are three times pre-war prices and in view of the end of the war, will be subject to heavy depreciation. This will call for the payment of some 70 per cent. of taxes upon inflated values and will constitute a serious menace to the solvency of many merchants and manufacturers and seriously affect the basis of bank credits. For every \$1,000,000 of inventory value which drops to \$700,000 or less of real value, 70 per cent. tax must be paid on \$300,000 of paper profits not realized, and this will constitute a serious menace.

"Our Association at Chicago, in view of this condition of threatened danger, which is of serious concern to the banks of the United States, adopted a resolution calling for an amendment of Section 202 so as to provide for a reasonable allowance for the increased price of merchandise inventoried over the average cost of like merchandise during the pre-war period.

"Our Committee on Federal Legislation, with allied mercantile interests, have presented to Chairman Simmons of the Senate Finance Committee, the following proposed amendment as an addition to Section 202:"

The circular contained a copy of the proposed amendment and pointed out the serious menace which exists to merchants and banks from Section 202 if unamended. Under this amendment, it was stated, the government will not lose a dollar where no deprecia-

tion takes place, as bond of indemnity is provided; but in the event of depreciation, the merchant will be protected to a reasonable extent from payment upon profits which do not exist.

The following are the names of the members of the Senate Finance Committee which has the Revenue bill under consideration:

#### SENATE FINANCE COMMITTEE

F. M. Simmons, N. C., Chairman.	John F. Nugent, Idaho.
John Sharp Williams, Miss.	Joseph T. Robinson, Ark.
Hoke Smith, Ga.	Boies Penrose, Pa.
Charles S. Thomas, Colo.	Henry Cabot Lodge, Mass.
Thomas P. Gore, Okla.	Porter J. McCumber, N. D.
Andrieus A. Jones, N. Mex.	Reed Smoot, Utah.
Peter G. Gerry, R. I.	Robert M. LaFollette, Wis.
Jas. Hamilton Lewis, Ill.	Charles E. Townsend, Mich.
	William P. Dillingham, Vt.

The above is published for the information of members of the Association to the end that such members as are particularly interested may know what has already been done in carrying out the purpose of the resolution adopted at Chicago and who may be able,

in particular instances, to supplement the work of our Committee in an individual way.

#### ADDENDA

After the foregoing article was put in type, word was received that the Senate Finance Committee had attached as a separate clause to Section 214, and also as a separate clause to Section 234 of the proposed revenue bill, the following:

(13) If it is shown to the satisfaction of the Commissioner that during the taxable year 1919 or 1920 the taxpayer (a) has for the first time ascertained the amount of a loss sustained during the preceding taxable year and not deducted from the gross income therefor, or (b) has sustained a substantial loss (whether or not actually realized by sale or other disposition), resulting from any material reduction (not due to temporary fluctuation) of the value of the inventory for the preceding taxable year, then the amount of such loss shall be deducted from the net income for such preceding taxable year, and the tax for such year and the installments thereof shall thereupon be recomputed in accordance with the provisions of Section 250.

The above clause, in connection with a proposed new Section 203, respecting losses in 1919, it is felt by merchants and manufacturers, will give full protection.

## Stamp Tax on Checks

**W**E are pleased to announce that the Senate Finance Committee on Saturday, November 23rd voted to strike out of the Revenue Bill under discussion the two cent-stamp tax on checks. From present advices the stamp tax will not be put back.

As the Revenue Bill passed the House it contained no provision for a stamp tax, but such provision was inserted on October 15th by the Senate Committee on Finance. Our Association, being on record as against such a tax, an active campaign was inaugurated under the auspices of our Committee on Federal Legislation in opposition to such tax. It was pointed out that the imposition of such a tax would, to a considerable ex-

tent, reduce the deposits of the small country banks and divert a great amount of cash in the aggregate in the banks to the pockets of individuals, who would pay their bills in cash rather than by check. At this time, especially, the withdrawal of such funds from the banks would work disastrously for the government, as credit is the basis of the situation and a material reduction of deposits would result in a six-fold contraction of credit facilities. Nothing, therefore, should be done to discourage bank deposits and the use of credit instruments. The injury and inconvenience caused would far outweigh any benefit to the government derived from the proceeds of such a tax.

## Exemption of Liberty Bonds from State Taxation of Banks

**T**HE United States District Court for the Southern District of Iowa has recently rendered a decision (Iowa Loan & Trust Co. v. Fairweather, 252 Fed. 605) that Congress having specifically exempted Liberty Bonds from taxation, the value of such bonds when owned by a bank cannot be included in determining the value of the stock which is assessed for taxation, for otherwise the bonds would be indirectly taxed in violation of the Act of Congress declaring them exempt.

The court differentiates the case from *Van Allen v. Assessors*, 3 Wall. 573 and other Supreme Court decisions which have denied the right of deduction of the value of government bonds owned by the bank

from the taxable value of bank shares, pointing out that in those cases there was no specific exemption by Congress of the bonds involved.

The District Court of Hamilton County, Nebraska, has very recently rendered a decision along the same lines, holding that the amount of Liberty Bonds owned by a national bank must be deducted from the aggregate amount of its property listed for taxation.

In the next issue of the JOURNAL we will refer to these cases fully in connection with a discussion of the general subject of right of deduction of the value of Liberty and other government bonds owned by a bank from the taxable value of its shares.

# Opinions of the General Counsel

## CHECK PAYABLE TO ORDER OF "PAYEE SHOWN ON BACK"

*A check made payable "to the order of payee shown on back" designates the payee with sufficient certainty and the instrument is negotiable.*

From Kansas—Would be very grateful to you for your opinion of my idea of a bank check and draft. Samples enclosed. [Check No. 1 enclosed is the same as the ordinary form of bank draft except that the payee blank contains the words "payee shown on back" after the words "pay to the order of." A second form enclosed is the same except that the payee blank contains the words "payee and all indorsers shown on back." Both forms have imprinted "Patent applied for."] Are the forms legal forms? Which is the better? What advantage have they over the old style?

The Negotiable Instruments Act provides: "Where the instrument is payable to order, the payee must be named or otherwise indicated therein with reasonable certainty."

Under the law merchant it was held that the payee need not be designated by name; if his identity can be ascertained with certainty, it is sufficient. *Blackman v. Lehman*, 63 Ala. 547.

The case of *U. S. v. White*, 2 Hill, 59, is directly in point. In that case a note promised to pay to "the order of the indorser's name at the Utica Bank \$800" four months after date. The court held that the note was negotiable. It said:

"The first count sets forth that the defendants made and delivered their promissory note to Samuel W. Adams, and thereby promised to pay to the order of the person who should thereafter indorse said note. It then avers an indorsement to the plaintiffs by Adams. This clearly entitles the plaintiffs to sue in their own name, and would have entitled an ordinary person. The maker of a note may bind himself to the bearer generally; and a promise to pay such bearer as shall come to the possession of the note in any given mode, is but a more limited exercise of the same power. It is like making a note payable in blank, which may be filled up by a bona fide holder with his own name; indeed, it is but a more enlarged form of the ordinary promise to the payee or order, or the order of the payee. If it could have effect in no other way, we should hold it payable to bearer generally, like a bill payable to a fictitious payee or order."

While the authority on the specific point is not very extensive, I think it would be held that a note such as submitted made payable "to the order of payee shown on back" would be held negotiable. You ask what advantage has such a form of check over the old style wherein the name of the payee is specified on the face of the check.

I do not see any special advantage in such a form of check except, possibly, if the drawer should use such check in place of giving one specifically payable to bearer, it would insure the bank in securing the indorsement of the person receiving payment, something which is sometimes refused when bearer checks are presented. But the person receiving payment and placing his name on the back as payee, would have to prove identity which would not be required of the holder of a bearer check. Furthermore, if such a check was lost before indorsement by the payee, uncertain questions might arise as to the right of an innocent purchaser from the finder to enforce payment—whether, for example, the indorsement of the

finder would be held to be a forgery or that of the true payee—which questions are settled with respect to the ordinary forms of bearer and order checks. I cannot see, therefore, where the use of the form submitted is preferable to that of the old style forms. Such a form of check, however, payable to the order of payee shown on the back, if used, would be negotiable and would be preferable to the other form submitted which is made payable to the "order of payee and all indorsers shown on back" because the latter form would provide a multiplicity of payees.

## GARNISHMENT OF MAKER OF NOTE BY CREDITOR OF PAYEE

*In Alabama, while a negotiable note is current as negotiable paper and subject to be transferred to a bona fide purchaser without notice and before maturity, the maker of the note is not subject to garnishment, nor chargeable as a garnishee of the original payee of the note.*

From Alabama—We have a little controversy here over a note which we bought and would be glad to have your opinion. A bought a pair of mules from B and gave his note for them, payable to B's wife. C had a judgment against B and served a garnishment on A for the amount. A accepted service and admitted he was due B for the mules evidenced by a promissory note, but did not say the note was made payable to B's wife. D later bought the note, having no notice, and now C claims the amount of the garnishment out of the note. This is some complication, but I trust you will unravel it.

There is no statutory provision in Alabama specifically exempting the maker of outstanding negotiable paper from garnishment at the suit of a creditor of the payee, but the Alabama Supreme Court has held as follows:

While a negotiable note is current as negotiable paper and subject to be transferred to a bona fide purchaser without notice and before maturity, the maker of the note is not subject to garnishment, nor chargeable as a garnishee of the original payee of the note. *Wohl v. First Nat. Bank*, 154 Ala. 332.

In that case the court said:

"The statute (Section 2191 of the Code of 1896) authorizes judgment against the garnishee on his answer only when said answer admits an indebtedness to the defendant. The answer in the case at bar denies any indebtedness to the defendant, unless it be upon certain negotiable notes therein described. The last three notes did not mature until after the answer and judgment against the garnishee. The maker was not, therefore, chargeable as garnishee of the payee while these notes were still current as negotiable paper and subject to be transferred to a bona fide purchaser without notice before maturity. *Gatchell v. Foster*, 94 Ala. 624, 10 South. 434. It is evident that the trial court took this view of the matter as to the notes not then matured, and only rendered judgment against the garnishee for the note not due when the answer was made, but which had matured before the answer was amended and before the rendition of the judgment. The answer shows, however, that the note was indorsed by

the payee before maturity, and subsequently by two others, and that it was held by the plaintiff bank for collection, and presumably for its own benefit, or for the last indorsee. At any rate, the answer showed that the note had been indorsed by the payee and was not in his possession, and this was a sufficient answer of no indebtedness to prevent a judgment against the garnishee on his answer. In order for judgment to be rendered against the garnishee, even after maturity of a negotiable note, given by him, it should affirmatively appear, from the answer or otherwise, that the payee was the proprietor at the time of maturity. The answer sufficiently shows that the payee was not the proprietor of the note at maturity. *Mayberry v. Morris*, 62 Ala. 115. The judge of the city court erred in rendering judgment against the garnishee on his answer, and the judgment is reversed, and one is here rendered discharging him."

It follows that in the case presented by you, assuming the note given by A is a negotiable instrument and was negotiated before maturity, the purchaser being a holder in due course would have the right to enforce payment for its full amount from the maker A and from all prior parties and such maker would not be subject to garnishment by a creditor of the payee—in this case the payee's husband.

I presume the answer of A in the present case sufficiently shows his only indebtedness to B was upon a negotiable promissory note not yet matured, made payable to B's wife, in which case A would not be chargeable as garnishee; if not, the answer could be amended. If the writ of garnishment was not served until after maturity of the note at which time it was still in the hands of the payee, B's wife, a different situation would be presented; but I have assumed in the above that the note was outstanding in the hands of the payee and unmatured at the time of service of the writ of garnishment, in which case a subsequent transferee of the payee before maturity without notice would have full enforceable rights and A would not be subject to garnishment at the hands of a creditor of the payee or the payee's husband.

#### PAYMENT OF CHECK UPON FORGED INDORSEMENT

*Where the payee's indorsement is forged and such indorsement is followed by the indorsement of a bank guaranteeing prior indorsements, the drawee bank is protected in making payment, for while liable for the amount to the drawer or to the payee, the drawee has full recourse upon the guaranteeing bank.*

From Oklahoma—In today's mail we received a check of \$15,000 that was payable to James Smith, drawn on this bank. This check was indorsed James Smith by Florence Smith and had the regular stamp indorsements of several banks, reciting "all previous indorsements guaranteed." We would be pleased to have you advise whether or not we would be fully protected in the payment of this check against the claim of James Smith should he claim that he did not receive this money. Please define clearly the position of the paying bank relative to an indorsement as above, when there is no authority expressed and also when authority is expressed as agent, attorney, treasurer, secretary or otherwise.

When a check bearing the payee's indorsement in blank, or the payee's indorsement "James Smith by

Florence Smith" or "James Smith by John Smith, agent," attorney, secretary, etc., passes through several banks and is finally presented to the drawee, the latter obviously is in no position to determine whether the indorsement is genuine or made by authority of the payee and the custom is to rely on the responsibility of the presenting bank which guarantees the genuineness of the prior indorsements. Should the indorsement of the payee prove unauthorized or a forgery, the payment would not be valid and the drawee bank could not charge the amount to the drawer's account; but it would have full recourse upon the presenting bank and the bank ultimately responsible would be the one which received the check under indorsement of the payee.

In some states, where a check has been paid upon a forgery of the payee's indorsement, it has been held that the drawee bank is liable to the true payee for the money, in which case, of course, it would not be liable to the drawer; but in other states this liability to the payee is denied—the theory being that under the Negotiable Instruments Act the drawee is not liable to the holder unless and until it accepts, the instrument and payment upon a forged indorsement is not an acceptance—and in such cases the liability is to the drawer and the true payee must look to the drawer for his money. But in either event the drawee, while liable because of paying a check upon a forged indorsement, is fully protected and has full recourse upon the presenting bank which guarantees the genuineness of the payee's indorsement.

#### SET-OFF AGAINST SAVINGS ACCOUNT

*Where a depositor carries both a commercial and savings account with a bank and is indebted to the bank upon matured notes and the funds in the commercial account are insufficient, a New York court has held the bank has no right, without the depositor's consent, to charge the notes to the depositor's savings account—The opinion in this case, however, is merely obiter and would seem contrary to general principles of set-off.*

From New Jersey—Our President is under the impression that within a short period he has seen a decision denying the right of a bank to charge an over-due note against a savings account. If you have seen such a decision, will you please give me the substance of it, and if you have not seen such a decision, will you please let me have your opinion as to the right of a bank to make such a charge. I am now speaking of commercial banks and not of savings banks.

In *Heinrich v. First National Bank*, 145 N. Y. Supp. 342, affirmed without opinion 149 N. Y. Supp. 1086, notes payable at the maker's bank—a national bank—in which the maker had both a commercial and savings account, were charged against the savings account. There was some doubt as to whether the maker was indebted to the bank for the amount of the notes. The court held that whether or not the bank was a creditor upon the notes, it had no authority to charge the amount to the maker's savings account, without his consent. It said in substance: Whether the bank had a right to treat the maker as its debtor to the amount of the notes or not, it had no right, without the maker's consent, to appropriate money from his savings account and pay his notes therewith.

This was a special account, evidenced by a passbook, containing rules as to payment of drafts against the account, including a rule that in paying money the passbook must accompany the draft or check. "These rules," the court said, "constitute a contract between the bank and the depositor equally binding on each."

\* \* \* The bank might waive the production of the passbook when paying a draft drawn against account No. 335, but it had no right to pay any money out of this account, without the order of Hagen (the maker).

\* \* \* My conclusions are that on June 6, when the defendant bank charged these promissory notes to Hagen's savings account, he was not the bank's debtor by reason of said notes and that even had the bank been his creditor it had no right, without Hagen's consent, to pay these out of the special savings account."

Conceding that the bank at which a note is made payable would have no right to pay the amount to the presenting holder out of, and charge the same against, the maker's savings account, without his consent, the method of payment of money from that account being regulated by agreement, the soundness of the remaining portion of the above decision that a bank owning a note of a customer has no right, at maturity, in default of funds in the commercial account, to charge the amount against the maker's sufficient savings account is, I think, open to question and should not be taken as a binding rule of conduct until confirmed by other and more extensive judicial authority. The opinion of the court is virtually obiter, not necessary to the decision of the case for, the court having held that the bank was not a creditor, the opinion that even if a creditor, it would not have a right to charge the note against the savings account was not necessary to the decision.

The rule of law is well established that a bank may look to deposits in its hands for payment of any matured indebtedness on the part of the depositor and may apply the debtor's deposits upon his debts to the bank as they become due. See, for example, *Tufts v. Peoples Bank*, 59 N. J. Law, 380, holding that the relation of a bank and its general depositors is that of debtor and creditor and the bank may set off against a general deposit a debt due it from the depositor.

It has been established by numerous decisions that the relation between a bank holding savings deposits and its depositors is that of debtor and creditor and not trustee and *cestui que* trust and this being the relation, it is difficult to see why the general rule of set-off against a commercial deposit would not apply equally in case of a savings deposit. The theory upon which the right of set-off is allowed is that of a balancing or set-off of mutual debts; the bank owes the depositor the amount of his deposit and the depositor owes the bank the amount of his note; one is set off against the other and the balance is the true debt. It would certainly seem inequitable to require a bank, to whom its depositor is indebted, to pay him his savings deposit in full and allow the debt of the depositor to remain.

The reason given by the New York court in the decision above cited, for denying the right of set-off against the savings account is that such account is a special account, governed by special rules having the

force of a contract between bank and depositor as to the method of withdrawal. But the account is not a special account in the sense of being a trust account—the bank is debtor not trustee—and the rules as to method of withdrawal or payment only on presentation of passbook, while they would govern the method of payment on order of the depositor do not, I think, apply where the bank's own rights as a creditor are concerned. If, for example, a third person was creditor and garnished the savings account, the bank would have to pay notwithstanding such rules and could not make a return to the writ of garnishment of not indebted. Equally where the bank is itself a creditor there seems no good reason why the right of set-off of the depositor's debt against his savings account should not exist.

In an opinion, heretofore published in the *JOURNAL* for December, 1914 (page 384), the conclusion was reached that where a depositor carries both a checking and savings account with a bank, and is indebted to the bank upon a matured loan in excess of the checking, but within the savings account, the bank can charge the indebtedness to the savings account. This opinion was based upon the general right of the bank to set off a matured debt of the depositor against its indebtedness to him upon deposit account. In that opinion we said: "The specific question is whether in such case the bank has the right to apply the balance due the depositor in the savings account upon the debt of the depositor. It seems to me this right exists. The relation between the bank and depositor as to the savings account is that of debtor and creditor equally as in the case of a checking account. The savings deposit is not a trust fund but a debt due by the bank." We cited, in support of the opinion *Hiller v. Bank of Columbia*, 75 S. E. (S. C.) 789, in which the court said: "When a depositor having two accounts in his own right, kept separately merely for his own convenience, draws on one of them beyond the amount to his credit, without any arrangement with the bank that he should do so, the bank is justified in the inference that he intends the check to be protected by the other account. Certainly it would be most unreasonable that the bank should be required, under such conditions, to pay to the depositor the credit on one account without deducting the debit on the other."

*Hiller v. Bank of Columbia* did not, of course, involve the right of set-off against a savings account, but our opinion was based upon the general principle of set-off, and the *Hiller* case was cited as having a certain analogy.

Later, in the *JOURNAL* for September, 1918 (see page 169), we reiterated such opinion to the effect that where a bank carries both a commercial and savings account and pays an overdraft on the commercial account, it has the right to set off the check against the customer's savings account.

In neither of the above opinions was the case of *Heinrich v. First National Bank*, considered or referred to. It has only recently come to our attention. While that case is an authority for the proposition that a bank carrying both a commercial and savings account has no right to set off a matured indebtedness of the depositor against its indebtedness on savings account, we think that the reasons upon which the court's

opinion in that case is founded—and the opinion is merely obiter—are not sufficiently strong to support the conclusion of the court. Notwithstanding such decision, therefore, we are inclined to adhere to our former opinions on this subject in the belief that the right of set-off of a depositor's indebtedness against his savings account will hereafter be upheld by the courts, when the question is squarely presented. We refer to the case of *Heinrich v. First National Bank*, supra, as holding the contrary in connection with our former opinions which we still adhere to.

### INDORSEMENT OF PAYEE BY RUBBER STAMP

*A rubber stamp indorsement in blank of the payee's name to a check is legal and where the check is deposited in the payee's bank to his credit and the indorsement is guaranteed by the bank, the drawee bank is protected by such guaranty in making payment, equally as if the words "for deposit" or "for credit" are prefixed to the indorsement.*

From New York—In the course of our regular business, we sent out through our Transit Department a check drawn by X on a national bank in Pennsylvania, the check being made payable to the Y Vacuum Cleaner Company. This check was indorsed by rubber stamp "The Y Vacuum Cleaner Company, Inc.," and deposited by them. The check was then indorsed with our regular indorsement stamp reading, "Pay to the order of any bank or banker. Prior indorsements guaranteed. Z Trust Company, Z, N. Y., Z, Secretary." The National Bank returned to us the check in question with the enclosed printed slip attached:

"This check is returned for the indorsement of the payee.

"A plain stamp indorsement without 'For Deposit' or 'For Credit' is no indorsement whatever.

"This bank will refuse payment on all checks bearing this kind of indorsement whether 'guaranteed' or not.

"Blank National Bank."

If this is a new ruling or a legal ruling in regard to indorsements we have not known it, and will be very glad to have your opinion as to their statements.

An indorsement of the payee by a rubber stamp is legal. In *Mayers v. McRimmon*, 53 S. E. (N. C.) 640, the court said that where the name of the payee is stamped on the back of the note with rubber stamp, by one having authority so to do, and with intent to indorse the instrument, the authorities hold this is a valid indorsement; citing *Horner v. Mo. Pac. Ry. Co.*, 70 Mo. App. 283.

But if the indorsement is denied, it must be proved; it does not prove itself. *Mayers v. McRimmon*, supra. The objection to a rubber stamp indorsement, as I see it, has more to do with the difficulty of proving genuineness than because of legal insufficiency. Suppose a note, for example, bearing blank indorsement of the payee by imprint of rubber stamp is negotiated by some one in the payee's employ, presumably with authority and when the holder seeks to enforce the instrument against the maker and payee, the latter denies that the stamp was put on by him, or by his authority, alleging that he never received the proceeds and that the instrument was indorsed and negotiated by one of his employees, without authority. If the indorsement of the payee was handwritten, its genuineness could be readily proved; or if the indorsement

of the payee was imprinted with rubber stamp, but underneath it was written "by John Doe, Treasurer," then here it could be readily established that the indorsement was by John Doe, Treasurer of the payee, and the only question would be whether John Doe had authority to indorse and negotiate. But where the indorsement of the payee is entirely by rubber stamp upon an instrument which is negotiated, it is readily seen in case of denial of genuineness or authority to indorse, that there is more difficulty in proving the genuineness or authenticity of the indorsement.

These objections apply more particularly to the case of paper where the payee's title is conveyed by rubber stamp to an indorsee or purchaser and do not seem to have equal force where the payee's indorsement by rubber stamp is for purpose of deposit in bank to the credit of the payee. In such case the proceeds go to the payee by credit to his account and there is not the same danger or risk of denial by the payee of genuineness of the rubber stamp indorsement. As matter of business convenience, where the payee is a corporation, receiving numerous checks payable to its order, which are to be deposited in bank, the imprint of its indorsement by rubber stamp is an economy of time and serves a useful purpose. Such indorsement might be and often is coupled with the words "for deposit" or "for credit," but where the bank of deposit itself guarantees to the payor bank the genuineness of the indorsement, it would seem that the omission of these words would be immaterial.

Of course, a drawee bank is not under obligation to honor a check presented by an indorsee unless properly indorsed by the payee. But if the payee imprints or authorizes the imprint of his indorsement by rubber stamp, the courts have held such indorsement to be legal, and I fail to see how the prefix of the words "for deposit" or "for credit" add anything to the validity of the indorsement from the standpoint of the drawee. The indorsement being guaranteed by the bank of deposit this, it would seem, would be sufficient for all practical purposes to afford full protection to the drawee in paying the instrument equally as if the words "for deposit" or "for credit" were prefixed. There would seem more reason in an objection that the imprint of the indorsement of the payee corporation was not followed by the hand-written signature of one of its officials; but as the indorsement stands with guaranty of a responsible bank, it would seem that the drawee is fully protected.

### PRODUCTION OF BANK'S BOOKS AS EVIDENCE

*In suit by bank against depositor, bank officer served with subpoena duces tecum must produce books called for containing evidence relating to transaction, in absence of statute permitting authenticated copy—but if subpoena is unreasonable in its requirements bank may be protected under the search and seizure clause of the Fourth Amendment to the Federal Constitution.*

From Michigan—In a suit brought by our bank against a long-time customer, the defense have asked us to produce the books and records of our institution from 1890 up to date, to deliver same to the court for the use of the attor-

neys for the defense for such time as they may take to prepare their case. To this request our attorney objected, and they propose to force us to produce such books and documents by a process known as *Subpoena Duces Tecum*. Will you kindly let us know whether or not we can be forced to deliver such books and records under such conditions.

A *subpoena duces tecum* is a process whereby a court, at the instance of a suitor, commands a person who has in his possession or control some document, book or paper which is pertinent to the issues of the pending controversy, to produce it for use at the trial. *Murphy v. Russell*, 8 Ida. 133; in re *Sheppard*, 3 Fed. 12. In this latter case it was held that the writ can be used only to compel the production of books, papers, documents, accounts and the like and not for the production of property of other kinds.

An officer of a bank when served with a *subpoena duces tecum* is bound, whether the bank is a party or not, to produce the books specified in the subpoena which are in his custody and control and which contain any entry relative to the matters in question in the action. Inconvenience to the bank is no ground for refusing production. There is no statute in force in any of the states of this country corresponding to the English Bankers' Book Evidence Act, which was passed to remedy the inconvenience of producing the original books, and which allows examined copies of entries to be produced in their place.

Even in England, however, a banker remains bound at common law to produce his books, except in so far as the inconvenience may be modified by statute.

Courts have inherent power to issue a *subpoena duces tecum* in a proper case, and this power is not affected by the constitutional guarantee against unreasonable searches and seizures. *Beebe v. Equitable Mutual Life Ins. Co.*, 76 Iowa 129; *United States v. St. Louis Terminal etc., Assn.*, 148 Fed. 486.

The decision of the Supreme Court of the United States in *Hale v. Henkel*, 201 U. S. 43, is a comparatively recent and very instructive case upon this proposition, and in it the court says: "We think it quite clear that the search and seizure clause of the Fourth Amendment was not intended to interfere with the power of courts to compel, through a *subpoena duces tecum*, the production upon a trial in court, of documentary evidence \* \* \*. The following authorities are conclusive upon this question: *Amey v. Long*, 9 East 473; *Bull v. Loveland*, 10 Pick. 9; *United States Exp. Co. v. Henderson*, 69 Iowa, 40, 28 N. W. 426; *Greenl. Ev.* 469a."

However, the Court in this case stated it did not wish to be understood as holding that a corporation is not entitled to immunity, under the Fourth Amendment, against unreasonable searches and seizures, and it was of opinion that the terms of a *subpoena duces tecum* may be so sweeping as to constitute an unreasonable search and seizure within the Fourth Amendment. In the case before the court the *subpoena duces tecum* by reason of the sweeping nature of its requirements was held unreasonable and the corporation officer to whom it was issued was held entitled to immunity therefrom under the Fourth Amendment. I quote from the language of the court sufficient to indicate what was held in this case:

"Applying the test of reasonableness to the present case, we think the *subpoena duces tecum* is far too

sweeping in its terms to be regarded as reasonable. It does not require the production of a single contract, or of contracts with a particular corporation, or a limited number of documents, but all understandings, contracts, or correspondence between the MacAndrews & Forbes Company, and no less than six different companies, as well as all reports made and accounts rendered by such companies from the date of the organization of the MacAndrews & Forbes Company, as well as all letters received by that company since its organization from more than a dozen different companies, situated in seven different states in the Union. If the writ had required the production of all the books, papers and documents found in the office of the MacAndrews & Forbes Company, it would scarcely be more universal in its operation or more completely put a stop to the business of that company. Indeed, it is difficult to say how its business could be carried on after it had been denuded of this mass of material, which is not shown to be necessary in the prosecution of this case, and is clearly in violation of the general principle of law with regard to the particularity required in the description of documents necessary to a search warrant or subpoena. Doubtless many, if not all, of these documents may ultimately be required, but some necessity should be shown, either from an examination of the witnesses orally, or from the known transactions of these companies with the other companies implicated, or some evidence of their materiality produced, to justify an order for the production of such a mass of papers. A general subpoena of this description is equally indefensible as a search warrant would be if couched in similar terms."

Not all the justices agreed with the proposition declared by the court, some thinking the subpoena sufficiently definite.

This legal exposition of the limitations to be placed upon a *subpoena duces tecum* is particularly apposite in its application to the instant case, it would seem.

Generally in cases of this kind the attorneys make some agreement by which the production of the necessary books and papers is so arranged as to cause a minimum of inconvenience to the bank.

In your case you are requested by the attorneys for the defense to produce the books and records of your bank in court covering a period of twenty-eight years, not at the trial, but prior to the trial to remain there for the examination of the defendant's attorneys for such time as they may find necessary to prepare their defense. The office of a *subpoena duces tecum* is to require production of books and papers for use at the trial, and I think it questionable whether the production before the trial, as indicated, could be compelled by writ of *subpoena duces tecum*; furthermore, I think, in the light of the decision in *Hale v. Henkel*, a bank would be protected under the Fourth Amendment against producing at the trial in obedience to a *subpoena duces tecum* its books and records for a period of twenty-eight years, as this would be utterly unreasonable. I think the court would so modify the subpoena as to bring it within the bounds of reasonableness and in such way as to cause a minimum of inconvenience to the bank. I would suggest that your attorneys give consideration to the decision of the Supreme Court of the United States in *Hale v. Henkel*, which contains a full discussion of the entire subject.

# Trust Company Section

The sixteenth annual edition of the "Trust Companies of the United States" reveals the resources of these institutions as \$9,380,886,000 on June 30, 1918. which is an increase of \$3,455,907,000 since 1914.

The book contains about 600 pages, with 573 pages being devoted to statements and other information regarding the 2,141 reporting companies and the names of eighty-one non-reporting companies, thus listing in the body of the book 2,222 trust companies. According to the "Explanation" contained in the book, those companies with the word "trust" in their titles which are engaged in a strictly savings, real estate or insurance business, or for other reasons are not deemed by the State Banking Department in their state to be engaged in regular trust company business, are listed in the index only and specially indicated.

The recapitulation of assets and liabilities of trust companies by states is reproduced on the following page. It presents an interesting study of the investments and other resources as well as the capital, surplus, undivided profits and aggregate deposits of these companies.

An additional compilation showing Number of Non-Reporting Companies, Total Number of Companies, Number of Officers and Directors, based on information contained in the book, is also published herewith.

In point of aggregate resources, New York stands first, followed in order by Pennsylvania, Illinois, Massachusetts, Ohio, New Jersey, California, etc.

A brief summary of trust company activity during the past year is recorded in the preface to the volume, as follows:

"In presenting the 1918 edition of "Trust Companies of the United States," attention is directed to the gratifying statistics of the growth and influence of these institutions for the fiscal year just closed, during which trust company resources reached a total of \$9,380,886,051, or \$422,374,214 more than a year ago.

"It is a satisfaction to record a large accession to the membership of the Federal reserve system from the ranks of the trust companies, it being worthy of note that of the total resources above shown over 50 per cent. are held by companies now included in the system.

"Conditions directly resulting from the great struggle in which we are now engaged have stimulated fiduciary business to an unprecedented extent in all parts of the country and the pre-eminent fitness of these institutions for the handling of this class of business has been still further demonstrated.

"Trust companies have lost no opportunity to render loyal and whole-hearted service toward the winning of the war, and the events of the year have shown more clearly than ever before their great importance and usefulness as an integral part in the financial structure of the nation."

This book is published annually by the United States Mortgage & Trust Company, New York City, and a complimentary copy is forwarded to every trust company in the United States.

	No. of Non-reporting Companies	Total Number of Companies	Number of Officers	Number of Directors
Alabama .....	2	38	154	291
Arizona .....	0	11	68	75
Arkansas .....	2	47	238	368
California .....	0	32	331	418
Colorado .....	0	19	114	155
Connecticut .....	0	64	372	850
Delaware .....	2	18	103	220
District of Columbia .....	0	6	63	131
Florida .....	0	16	93	156
Georgia .....	0	27	145	316
Hawaii .....	..	7	42	53
Idaho .....	0	12	60	87
Illinois .....	0	106	662	1,067
Indiana .....	4	161	864	1,465
Iowa .....	7	98	433	652
Kansas .....	2	12	62	117
Kentucky .....	1	60	292	622
Louisiana .....	3	45	551	1,216
Maine .....	1	51	235	803
Maryland .....	0	24	160	391
Massachusetts .....	0	100	616	1,817
Michigan .....	1	10	86	189
Minnesota .....	1	15	115	226
Mississippi .....	2	22	76	148
Missouri .....	7	79	430	841
Montana .....	1	18	89	138
Nebraska .....	1	19	116	171
Nevada .....	0	3	16	21
New Hampshire....	0	14	53	128
New Jersey.....	1	117	757	1,727
New Mexico.....	1	12	64	102
New York.....	0	98	841	1,528
North Carolina....	4	73	314	904
North Dakota.....	0	3	17	28
Ohio .....	4	91	634	1,256
Oklahoma .....	1	8	40	41
Oregon .....	0	7	33	38
Pennsylvania .....	1	305	1,943	3,875
Rhode Island.....	0	13	75	174
South Carolina....	3	22	68	185
South Dakota.....	2	12	51	66
Tennessee .....	10	93	393	868
Texas .....	7	77	383	657
Utah .....	3	13	53	94
Vermont .....	2	38	157	238
Virginia .....	2	27	136	420
Washington .....	0	31	194	293
West Virginia.....	3	25	116	309
Wisconsin .....	0	14	67	140
Wyoming .....	0	9	41	58
	81	2,222	13,016	26,133

## COMMITTEE MEETINGS

E. D. Hulbert, Chairman, has called a meeting of the Executive Committee to be held in the Library of the Association on Wednesday, December 11, at 11 A. M.

Francis H. Sisson, Chairman, called a meeting of the Section's Committee on Co-operation with the Bar, which was held at the office of the Guaranty Trust Company of New York on Thursday, November 21.

President Platten has appointed State Vice-Presidents as follows:

Kansas—L. W. Clapp, president First Trust Co., Wichita.

New Hampshire—Bernard Q. Bond, vice-president Rochester Trust Co., Rochester.

(Continued on page 335)

# Recapitulation of Assets and Liabilities of Trust Companies by States as Published in the. 1918 Edition of "Trust Companies of the United States"

Number of States	Assets	LIABILITIES					Total Assets or Liabilities
		Stocks and Bonds	Loans, Notes and Mortgages	Cash on Hand and in Banks	Real Estate, Bank ing Rights, Etc.	Other	
Alabama	86	\$3,685,631.97	\$20,446,985.64	\$9,105,348.26	\$1,835,410.81	\$12,040.18	\$35,095,424.86
Arizona	11	1,814,059.07	6,988,460.96	3,497,485.02	3,865,199.90	385,208.91	12,997,424.86
Arkansas	45	4,076,085.92	26,186,120.12	7,788,640.96	1,306,411.65	672,143.82	37,028,402.05
California	32	95,624,865.32	285,095,878.72	63,688,800.11	15,830,563.55	5,460,294.51	415,090,896.31
Colorado	19	10,441,200.99	33,766,095.86	11,075,107.13	1,897,007.94	163,404.08	46,812,821.94
Connecticut	64	32,668,680.53	68,928,184.67	16,146,171.39	2,772,286.86	8,406,964.81	138,846,789.35
Delaware	16	13,727,508.53	19,785,075.06	7,915,873.02	1,106,500.86	81,134.88	42,851,576.37
Dist. of Col.	6	18,305,343.48	29,785,475.45	7,915,873.02	1,106,500.86	81,134.88	58,705,234.61
Florida	27	2,646,888.42	9,032,854.28	3,050,934.97	1,278,571.86	49,711.97	14,038,142.93
Georgia	16	5,517,826.85	29,357,208.84	6,238,191.07	2,813,736.09	731,677.88	38,803,441.00
Hawaii	7	551,075.54	3,090,530.45	1,016,128.31	877,382.47	90,886.96	5,019,487.87
Idaho	12	1,067,986.78	6,814,091.76	2,410,044.06	387,778.04	90,886.96	10,789,877.60
Illinois	106	185,106,313.60	520,697,429.24	169,648,966.20	10,730,978.25	20,728,682.09	906,966,349.38
Indiana	157	31,799,805.04	88,096,997.68	22,783,395.52	4,637,819.60	4,946,277.11	152,233,294.09
Iowa	91	6,704,331.37	33,635,924.14	9,378,906.13	2,187,877.55	388,784.35	45,630,823.03
Kansas	10	636,284.88	3,164,715.40	929,661.23	286,902.74	420,866.35	4,538,761.33
Kentucky	59	9,096,798.48	33,659,547.72	8,239,432.98	2,062,975.40	762,532.53	45,630,823.03
Louisiana	42	28,077,130.32	86,762,293.23	32,135,292.44	6,782,658.68	1,930,298.18	128,331,450.78
Maine	50	36,121,818.71	47,893,768.42	7,515,578.17	1,534,782.97	1,828,447.20	94,894,890.47
Maryland	24	36,863,120.21	60,719,339.17	22,915,046.99	4,276,179.18	1,871,495.33	136,175,159.83
Massachusetts	100	89,231,775.76	494,779,437.62	114,409,875.47	14,003,617.28	28,478,891.57	695,868,098.46
Michigan	9	8,282,773.57	20,861,506.22	6,156,116.64	887,587.69	456,966.05	33,590,769.09
Minnesota	14	5,137,824.94	9,012,150.02	3,863,318.78	280,729.08	804,742.20	17,540,769.09
Mississippi	20	4,154,277.40	11,920,400.56	7,110,893.91	4,888,727.64	614,839.71	24,258,115.86
Missouri	72	41,554,907.22	125,440,284.50	35,483,512.83	4,859,429.35	6,164,839.71	213,282,923.67
Montana	17	4,096,529.54	19,867,184.97	9,913,679.09	1,015,000.00	44,763.69	34,846,157.89
Nebraska	18	1,023,240.77	8,017,063.68	3,236,126.33	233,464.89	997,181.41	12,063,023.03
Nevada	8	493,639.35	2,870,778.02	1,236,571.24	198,588.28	17,847.00	5,416,578.60
New Hampshire	14	6,778,860.37	10,105,269.12	1,067,598.60	273,848.81	9,720.20	18,133,716.68
New Jersey	116	100,070,883.87	196,087,010.72	49,109,531.43	12,256,204.28	5,007,070.41	268,493,500.16
New Mexico	31	700,131,045.76	1,535,223,335.50	40,109,531.43	50,819,192.64	8,847.73	3,004,963,234.44
New York	69	4,446,409.15	46,572,627.46	9,134,331.60	1,910,746.48	831,964.28	63,036,236.37
North Carolina	88	147,586.07	684,853.51	147,067.63	75,852.45	91,839.70	1,086,723.39
North Dakota	87	151,028,653.21	294,881,678.51	73,354,063.81	19,415,145.66	4,960,926.85	543,589,406.94
Ohio	34	3,624,595.24	2,137,306.89	977,928.33	649,889.80	11,564.90	8,045,181.75
Oklahoma	7	1,640,334.71	2,103,894.36	976,478.37	649,889.80	4,976.87	4,824,472.49
Oregon	304	416,731,177.63	520,703,047.06	150,867,028.81	57,613,070.84	111,164,187.21	1,206,678,510.98
Pennsylvania	18	71,125,821.92	77,047,197.60	22,590,898.00	1,988,845.38	1,503,976.21	141,813,916.11
Rhode Island	19	1,202,464.94	5,990,917.38	1,246,891.00	237,055.64	14,621.45	8,706,765.97
South Carolina	73	5,698,545.25	57,605,986.97	15,760,901.68	4,000,989.92	2,167,882.28	79,595,379.24
South Dakota	80	8,011,190.20	14,040,042.00	1,637,800.87	1,358,924.44	716,431.70	21,178,802.80
Tennessee	33	295,867.99	4,002,753.13	1,052,557.82	237,055.64	14,621.45	5,698,545.25
Texas	36	8,011,190.20	42,525,818.07	4,207,561.10	1,501,173.80	933,459.66	56,179,862.80
Vermont	25	3,306,506.84	24,832,275.48	2,369,366.33	1,427,684.32	883,387.37	34,650,553.54
Virginia	21	13,927,153.19	29,254,771.63	8,721,491.98	5,598,849.30	1,198,061.48	57,725,327.58
Washington	22	6,665,890.94	23,244,991.62	4,339,576.00	1,760,182.85	2,310,681.53	32,728,900.17
West Virginia	14	3,534,074.50	6,675,589.41	2,096,156.77	1,189,287.75	281,841.74	12,728,900.17
Wisconsin	22	667,452.49	2,238,353.13	604,339.97	89,947.97	101,557.63	9,336,886.05
Wyoming	9	82,242,130.516	1,965,300,832.44	1,529,926,579.44	1,233,465,539.89	39,990,002,583.83	\$9,336,886,051.74
Totals	2,141	\$3,242,130,516.18	\$4,965,300,832.44	\$1,529,926,579.44	\$1,233,465,539.89	\$39,990,002,583.83	\$9,336,886,051.74

Rhode Island—Henry L. Slader, vice-president Rhode Island Hospital & Trust Company, Providence.

Wyoming—C. L. Beatty, secretary Union Trust Co., Cheyenne.

N. B. Solner, formerly vice-president of the Union Savings & Trust Company, Seattle, Wash., has resigned because of change to the presidency of the First National Bank, Bremerton, Wash. This vacancy has been filled by the appointment of F. A. Rice, vice-president Tacoma Savings Bank & Trust Co., Tacoma.

#### COMMUNITY FOUNDATIONS OR TRUSTS

Eighteen "Community Foundations" or trusts are being operated in fifteen states and the Territory of Hawaii, as follows: Los Angeles, Cal.; Chicago, Ill.; Indianapolis, Ind.; Sioux City, Iowa; Louisville, Ky.;

New Orleans, La.; Attleboro, Mass.; Boston, Mass.; Detroit, Mich.; Minneapolis, Minn.; St. Louis, Mo.; Cleveland, Ohio; Providence, R. I.; Houston, Texas; Seattle, Wash.; Spokane, Wash.; Milwaukee, Wis.; Honolulu, T. H.

#### TRUST COMPANY SECTIONS OR ASSOCIATIONS

For the purpose of performing work of a constructive or protective nature, trust company sections of state bankers associations or separate trust company associations have been formed in California, Connecticut, Massachusetts, New York, Ohio, Pennsylvania, Washington and Wisconsin. The formation of these sections or associations is recommended in all states where the number of trust companies make it advisable to join together for co-operative work.

## Savings Bank Section

The Advisory Committee and chairmen of standing committees of the Savings Bank Section met in the library of the Association, Tuesday, October 29, 1918, for an all-day conference pertaining to the activities of the various committees of the Savings Bank Section.

President Victor A. Lersner was in the chair. S. Fred Strong, Frederic B. Washburn and B. F. Saul, members of the section Advisory Committee, which acts in the interim between the meetings of the Executive Committee, were present. There were present also Samuel H. Beach, chairman, and R. C. Stephenson, member of the Committee on Liquid Investments; John J. Pulleyn, chairman, and B. F. Saul of the Committee on Amortization of Mortgages; Joseph N. Francolini, vice-chairman, and B. F. Saul of the Committee on Americanization; Samuel H. Beach of the Committee on Membership; Frederic B. Washburn, chairman, Myron T. Herrick and John J. Pulleyn of the Committee of Three on Co-operation, with similar committee of Investment Bankers Association for the study of securities which are of mutual interest; R. C. Stephenson, B. F. Saul and James H. Manning, members of the Committee on Federal Legislation; A. Koppel, vice-chairman of the Committee on State Legislation; and Myron T. Herrick, chairman, and William E. Knox, Frederic B. Washburn and H. R. Kinsey of the Committee on "Service to Members."

The purpose of the meeting was to discuss the proposed activities of the section, and to crystallize into definite plan of action all such committee work. The list of those present shows full representation of all committees. As a consequence, the free-for-all discussion was fruitful in not only giving each committee representative a more comprehensive idea of the work of his committee during the coming year, but it gave him an understanding of the entire activities of the section for the same period. The conference followed an outline previously prepared, covering tentatively the work of the coming year. As a consequence, the conference had no difficulty in completing satisfactorily

a rather full discussion of the points involved in the proceedings. The minutes hereinafter detailed are arranged in the order of the committees and the discussion that followed is a recital of the proposed activities:

#### COMMITTEE ON AMERICANIZATION

Miss Frances A. Kellor, vice-chairman of the National Americanization Committee of the United States Chamber of Commerce, was introduced and made an address on the immigration problem of the United States. Her statement was indorsed as an acceptable basis for a course of action to be followed by the Committee on Americanization, and her statement, therefore, follows in full:

The basis of the analysis of the situation which I shall present is as follows:

1. An investigation made by the Immigration Committee of the Chamber of Commerce of the United States of America in 1915 which consisted of a questionnaire sent to 934 general passenger agents on forty-five railroads, who gathered the information from 25,000 local agents reaching 2,000,000 foreign born. The questions asked were: Are immigrants saving money to bring in immigrants? What will be the class of immigration? Are immigrants saving money to return permanently or temporarily? The returns showed that at least 1,000,000 were planning to leave the country, and it was thought many would go temporarily rather than permanently. The returns showed that many were saving money to bring over others, but doubt was expressed if the foreign governments would permit this.

2. A survey made by the Committee on Public Information covering 36,483 foreign born, native born, educational industrial agencies. Upon these returns is based the analysis of the racial situation.

3. The Americanization Division of the Department of the Interior is directing the work of Americanization Committees in Council of Defense, plants, schools, etc., and its records from all parts of the country substantiate the findings of the previously mentioned investigations.

America today faces this condition of affairs:

She will lose 1,000,000 men when peace terms are determined and travel bars are lifted. Considerable American soldier labor will be kept abroad for some time.

America is split into embryo republics, each race seeking to maintain solidarity and to use America as a base for political maneuvers in their native country.

The so-called Americanization movement has failed to reach the immigrant. The trend is in the other direction. The word is resented, the classes in English are deserted and American citizenship is below par.

American employers will increasingly have to deal with workmen through racial leaders, owing to the enormous concentration along racial lines and the solidarity now taking place.

America will not get new immigrants on the old terms of jobs and high wages. It faces competition with other countries on new terms.

Industrial demobilization as at present planned will hit the immigrants hardest and with the greatest waste as unskilled, unorganized workmen, without American contacts, and will increase the racial influence upon them, because relief will primarily come from racial organizations.

Savings of foreign-born workers instead of being invested in America or placed at the disposal of foreign countries through American channels, will be solicited and placed in a highly decentralized way through agencies representing other countries.

America faces competition with the most frugalized and disciplined people in Europe and must teach thrift and lower cost production to meet it.

American industry cannot meet this situation by an individualistic policy. It must be both national and international.

The problem before American industrial and financial institutions is to unite the many races in America; to find a way to interest them in staying here; to interest new immigrants to come to America, and to make the immigrants who return to their native countries serve America as missionaries of American business.

Let us see how easy or how difficult this task is and what forces are arrayed for us and what are against us. What is the problem of uniting America?

There are 15,000,000 foreign born people in this country; there are 33,000,000 foreign born or of foreign born parentage, responsive to the influence of a mother country. There are thirty-eight widely differing nationalities, speaking as many different languages. When America went into the war it had 3,000,000 people in the country that did not speak its language and there were, roughly speaking, 6,000,000 un-Americanized as to language, citizenship or sympathetic contacts with native Americans. Many aliens are in the army; they will come back Americanized in a hurry and with a different attitude and new ideas of leadership. This mass of human beings from the American end of the line is unorganized, unknown in its activities and unassimilated. From the European end of the line they are thoroughly organized and manipulated. There are three kinds of organizations: Racial, nationalistic and hyphenated. The racial organizations have existed for a long time in America. They are fraternal, religious, political and social. Every male adult foreign born almost, without exception, is a member of some one of them and frequently of several. There are at least 300 national organizations with 26,000 local branches of which we have a record and the Liberty Loan has a record of 42,000. There are many others of which there is no record. So far as America is concerned, they fall into three groups; those interested in working for a united and free home country—their energies, time and money being devoted to conditions abroad; those interested in keeping all of their people together here in a solid group perpetuating their language, customs, traditions, etc. These constitute about 80 per cent. of the number. The third is interested in America first. As an illustration of the hard time these latter groups have, a Croatian Club was started in an important industrial town for "America First" with a membership of about 100. It was immediately attacked by the 1,100 other Croats at work there as disloyal to their native land.

The nationalistic organizations have been the result of the war. With the possibility of securing autonomy and a republican government at home and with the backing of the American Government to help win the war powerful organizations have been created here which now tend to become embryo republics in our own land, and to be used as a base for settling political conditions abroad. Racial lines and antagonisms are strengthened here in proportion to what takes place abroad—each race here immediately reflects the situa-

tion abroad. The Bolshevik movement here came from Russia, finding fertile soil. The socialist movement among such races as the Finns strengthens here as it grows abroad. The Greeks in America divide into Royalists and Venezuelists and long after they unite in Greece they attack each other here. Many Italians and Hungarians refuse to work together in American industrial plants. There are now eighty-five of these nationalistic organizations split into the same factions here as abroad, making America the seat of old world politics. One of these organizations alone has ten nationalities in it. These nationalistic organizations publish or circulate fifty-eight magazines, all devoted to setting forth the position, advantages or claims of the various countries to Americans. There are 1,146 foreign language papers, not including the 483 German papers, that reach about 10,000,000 readers that feature the home country. There are 12,000 steamship ticket agents, 80 per cent. of whom are foreign born, who are primarily interested in unsettling rather than in settling the foreign born population of America. The following quotations are illustrative of the attitude under strict censorship regulations:

Montenegrin Organization for National Union with headquarters in Switzerland in its Bulletin for September, with wide circulation in America, says: "We are making active progress in our colonies in America. Committees have been founded in most of the towns where there are Montenegrins, New York, Detroit, Gary, Christopher, Illinois, Gibs, Wyoming, Los Angeles, Butte, Bear Crane, Seattle, San Francisco, Goslin, Washington, Portland (we don't even know where they are). The sentiment is strongly against King Nicholas, his sons and government."

Italian Irredentists Association of America: Object is to obtain recognition of the American Government for unredeemed Italians of Austria, Trentino Section and Adriatic Section; editor of Cittadino the director. Italians in America are to be divided into sections according to where they came from. Locals existed before, but this organization will combine them and develop them.

Voca of the People, San Francisco, on November 1, says: "The Royal General Italian Consulate announces to its nationals to present themselves at the office of the consulate, including those who have taken out their first papers."

American-Czecho-Slovak Board, representing 1,000,000 in the United States, is to provide financial and political support for the new nation. Eighty delegates, representing 600 local bodies, met in Cleveland and organized the Board. There are four departments, political, military, relief, educational. To publish a Czecho-Slovak Review. Former Austro-Hungarian Consul Kopecky is the directing military power.

Finland Constitutional League of America, which publishes the *Finland Sentinel* says: "The purpose of the League is to spread correct information through America about Finland and to secure support to preserve Finland as a republic."

In an effort to combine Americans and foreign born a number of hyphenated societies have been created, of which we have a record of twenty-eight national ones.

This, in a word, is our problem of uniting the races in America under one flag as a nation.

What is the problem of interesting immigrants to remain here. Let us remember they are important as workers, as consumers, as investors, and as having much to contribute in ideas, ideals and organization of resources.

These people will return because of loyalty to the home country, because of sentiment and of curiosity. They have not heard from their relatives and friends and they do not know what has happened to them or to their homes. They believe that there is a greater adventure in the home land than in anything America has to offer, in the building of new nations and governments. Making Democracy safe for the world means that America will no longer have a monopoly and men will find in their own lands in their own language what they sought in America—freedom and opportunity. With their American savings they will rank as men of wealth at home; they will be given position and recognition and leadership now denied them here. The agitation of the nationalistic press and organizations emphasizes this; consular influence drives it home because the countries abroad need man power; attractive bids are being made for investments abroad. The American conditions that help send them back are ignorance and indifference, bad working conditions, unfriendly attitude of labor and race prejudice of Southern Democrats in charge

of important congressional committees that block constructive action.

On the other hand, what will keep them here? Some have evaded military service and are afraid to go back. Many say they will remain if they can bring over their families. A property interest will hold them. Good working conditions, recognition and use of their best abilities will appeal to them. Teaching them English, facilitating citizenship gives them a new knowledge and sense of America.

What is the problem of getting new immigrants? We face the passage of anti-immigration laws by nations that want to keep their manpower. Plans are already being made to direct such emigration as there will be to the colonies of the various nations. Countries like South America and Canada are organizing intelligent systems to attract and distribute immigrants. We need to select our immigrants. Too great a percentage of Bolsheviki and Socialists from Germany, Austria, Russia or Finland may prove indigestible in our own reconstruction problems.

Our greatest asset is the men who go back. We have never made the returning immigrant the missionary of American interests. We have cared very little what he thought or said about America on the other side. A million men believed by their countrymen and occupying positions of importance can do much for and against American business. If they are enthusiastic about America and have had a square deal here others will come. If they are not, they will turn to other lands.

What can we do with this situation as sketched in the bird's-eye view? We have a few months of grace owing to the limited food supply abroad and lack of knowledge of the peace terms before the passport bars are lifted and the exodus starts. Already steamship agents are doing a landslide business, taking deposits of \$10 for sailings on first steamers. One agent is reported as having "cleaned up \$3,000 in a week at \$60 a head."

The uniting of races and handling of the migration of peoples can only be done through a national and international policy and organization. We are today without any national policy or program either on the part of government, business or banking institutions. The work of the government on immigration is divided among eight permanent departments and scattered through eighteen bureaus and fourteen war emergency bodies in thirty-seven sections or committees. There is no co-ordination and no existing machinery for stabilizing and correlating the work. An Americanization Division established in the Department of the Interior is undertaking to do this now.

It is the same with business. National organizations have not considered the matter or have thought of the immigrant only in terms of labor. Plants of the same corporation vary almost as much in handling immigrant labor as do the different corporations. In some it is welfare work, in others Y. M. C. A. work, in others safety first and first aid. We have the anomalous situation where corporations spending large sums of money to get and keep labor are at the same time paying out money in advertising to a foreign language press that is urging workmen to leave America and is working against America's interests.

The banking institutions have not done better. With high wages and large savings no systematic nation-wide effort has been made to interest immigrants in investing such savings in American securities. No widespread intelligent effort has been made to add them as new depositors in savings banks. In new industrial towns where banks have been established, the immigrant has been left to his own countrymen, be he private banker, steamship ticket agent or what not. Where great munition plants have been built and immigrant workmen attracted, banking departments with foreign-speaking employees have not always been thought of, or branches established near the works. Huge sums of money will be transmitted abroad not through highly accredited and responsible American channels, but through perilous, if not wild cat, channels.

In any handling of a situation so interlocking and so difficult there must be four correlated channels of effort:

1. A national policy to be made effective through the government, which shall include (1) "backing the Secretary of the Interior in an Americanization program; (2) co-ordinating the existing scattered work and extending it; (3) submission of propositions to the reconstruction commission urging it

to appoint a sub-committee on Racial Relations to deal with legislation on immigration, citizenship, safeguarding investments, etc.; (4) and a program for the consideration of the incoming Congress.

2. An industrial policy to include a campaign of education among employees through trade organizations, trade papers, etc., and specifically in each industrial plant to cover improvement of working conditions, of racial relations of living conditions, and to extend recognition of the foreign born and to increase their opportunities.

3. A financial policy looking toward safeguarding of investments of immigrants, their inclusion as depositors and investors and the transmission of money and loans through American channels.

4. A racial relations policy which will make the 12,000 steamship ticket agents serve America, which will make the foreign language press for America first, which will break down the racial and nationalistic lines and bring these people all together; which will insure the loyalty of foreign-born leaders to America.

We cannot do this from the top down. We need an organization from the bottom up, made up of the immigrants themselves and their co-operation to carry out such a policy, and it is suggested that some kind of an American International Society be formed to be the dynamo of the movement and to put into operation the international, national and local organization needed to realize the policies outlined.

The section is particularly desirous of accomplishing something of real benefit this year along the line of Americanization. It is in a position to produce manifold returns.

In the first place, if a million or more foreigners return to their respective countries, removing from this country and its institutions all personal property, it will, of course, be harmful to the interest of the institutions which are represented by the section.

On the other hand, the international situation may be such as to make it inexpedient at this time, and perhaps for some time to come, to conduct a campaign which would assume to urge foreigners to remain in this country and abide by our institutions. The one thought that may bother us somewhat is the desirability of our conducting a campaign through the foreign-language newspapers, through meetings of foreigners by established methods, and other ways.

Is the situation so serious as to make it necessary for us to urge actively, through the avenues at our command, foreigners, who have probably already made up their minds to return to their liberated nations, to remain here? Would it not act as a boomerang, particularly in the light of President Wilson's international program?

It will be noted that Miss Kellor's thought was that the only possible emigration to this country from Europe would be from Russia, of an undesirable element of the Bolsheviki type, and that the countries, from which we were accustomed to receive peoples, prior to the war, would undoubtedly enact laws precluding emigration. Of course, viewing it from such an angle would naturally make one apprehensive. Moreover, it seems rather an ultra-pessimistic attitude, which, if we continue to maintain it, would get us nowhere.

We may be more inclined to accept a different constructive program and depend upon the prosperity and the natural attractions of the United States, its future and its industries, as against the tumultuous conditions of European countries, to keep and maintain our foreign labor without serious diminution.

With those that leave our shores, if it is a matter of racial and national inclination to return to their fatherlands, no argument or propaganda under the great blue sky can keep them here. Our national policy is a fixed one with relation to the recognition of smaller nations, and the rights of their peoples. This seems to be carried out, not only with relation to the people of such nations living within their own territories, but those living within the United States. It would be highly inconsistent, therefore, living under such policy as we do, to hold back these liberated peoples from returning to their liberated nations. It is only argued that it may be preposterous for us, as a section or an association, to conduct a campaign of publicity which would have as its object the inducement of foreigners to stay in this country.

#### COMMITTEE ON "SERVICE TO MEMBERS"

Chairman Herrick referred to the development of the Society for Savings of Cleveland, and discussed the amortization feature of first mortgage loans, and how such feature was introduced in his institution. In discussing the proposed work of this committee, Chairman Myron T. Herrick alluded to two systems of amortization of mortgage loans which his bank had adopted: "One by which a portion of principal is paid directly and applied on the loan; the other is in accordance with the operation of a building and loan association. The war has taught us the necessity for the immediate adoption by all banks of the amortization plan of mortgage loans."

Chairman Herrick also spoke about plans which he had proposed for the Society for Savings of a safe deposit vault made of concrete; inexpensive, which did not interfere with the safe deposit business generally. They would rent for \$1 apiece, the vault containing 40,000 boxes; no big boxes but all one kind, with the guarding and general expense not very great. The idea was for the safe-keeping of insurance policies, Liberty Bonds, deeds, love letters, if you please. The war interfered with the execution of the plans.

Chairman Herrick also described the agricultural department of his concern; the employment of his field agent, and the success with which it met in his community; also the establishment of a Home Economic Department, with a young woman graduate of the University of Ohio in charge. "She has a desk in one corner of the bank, and it is surprising to see how the women depositors come in and consult her."

In further discussing the service a bank may render, Chairman Herrick stated, "Mutual banks are based on sound economics first and altruism next."

"If we sit still, the government will furnish the very service that it is our responsibility to supply. We have a period of introspection such as the world has never had before. We must retain the confidence that we have wonderfully earned, and let our depositors know we have a soul in back of the doors that have been closed."

Mr. Francolini described the Division of Information which the Italian Savings Bank of New York had established, and that advice of a personal nature was constantly given.

The activities of this Committee for the next year

will be a definite plan of action for rendering needed service to members.

Consideration of additional functions for savings banks.

1. How more adequately to serve the community.
2. Care of savings during the period of reconstruction.

Continuous study and analysis of the savings bank situation and reporting periodically the results to the banks, members of the section.

Gather new forms and methods for the operation of savings banks and savings departments of commercial banks and trust companies.

#### COMMITTEE ON LIQUID INVESTMENTS (ACCEPTANCES)

In describing the work of this committee, it was explained that such work since the meeting of the Executive Committee at Hot Springs has been preparatory and in the process of organization. The plan of campaign suggested was: 1. To request every mutual savings bank and all stock savings banks, in such states as restricted investment of savings funds, to designate one man in each institution with whom we could communicate relative to the campaign. 2. To have General Counsel Paton draft a model bill for suggestion to the Committee on State Legislation to various State Bankers Associations for presentation to their respective state Legislatures. 3. A definite plan of publicity through banking and financial periodicals, as well as various publications of the section. 4. Is it necessary to have a credit information file if a bank buys Acceptances to any extent? 5. The possibility of working through or in co-operation with the Savings Banks Associations of the various states, as well as the State Banking Associations in those states which have no Savings Banks Associations.

It was also explained that a booklet issued under the direction of the Committee on Acceptances was being sent to members, and also given publicity through financial periodicals and otherwise. This booklet contains the report of the discussion of the question of Liquid Investments at the Chicago meeting of the section, which discussion was arranged for by the Committee on Acceptances.

The work of this committee will be to conduct a campaign to urge investment by savings banks of a certain portion of their funds in liquid assets.

#### COMMITTEE ON AMORTIZATION OF MORTGAGES

There was a full discussion concerning the desirability of a campaign being conducted looking toward the adoption of some plan of amortization of mortgage loans by savings banks. The discussion resolved itself into a suggestion that a "Savings Bank Plan" of amortization of mortgage loans be proposed which may have two parts: One for a large city community, and the other for a smaller city community. It was suggested that large loans be made for a five-year period, with a certain percentage of principal paid each year for the five years, when a renewal might be made upon the same basis and for the same period.

Method of continuing the work of this committee will be to secure the names of those reliable institutions, through the 200 clearing house associations in

the United States, that are making mortgage loans upon amortization basis. After the names of such institutions are secured, a communication will be sent to them in order to obtain the data and information which will serve as a basis for the campaign. When this work has been completed, a bulletin will be issued covering concrete suggestions for the amortization of mortgage loans, and sent to members. Simultaneous with this, a publicity campaign may be conducted and follow-up letters sent out through regular channels of correspondence to induce banks to accept some plan.

COMMITTEE OF THREE ON CO-OPERATION WITH SIMILAR COMMITTEE OF INVESTMENT BANKERS ASSOCIATION FOR THE STUDY OF SECURITIES WHICH ARE OF MUTUAL INTEREST

The work of this committee was not clearly defined, as it depends upon the appointment of a similar committee by the Investment Bankers Association.

In discussing the committee work, Mr. Pulleyn suggested that we "Urge amortization of savings bank bonds—municipal, state and railroad—same as mortgages. Many states have no serial issuance provisions. Some have a sinking fund. If we would apply the question generally to ourselves and decide that we would only invest in securities of a municipality or railroad that kept their sinking fund or issued obligation in serial form, we would cover the whole field." "The whole question," Mr. Pulleyn continued, "is to liquify our investments of all classes under general terms of serial issuance of securities or approved methods of operating sinking funds. If we go a step further in our position as savings bank men, and discuss with our institutions the character of our investment, we will very quickly come to the point where we will only buy securities of corporations operating under such terms. This result may be secured by the co-operation between the sellers of securities as represented by the Investment Bankers Association, and the purchasers thereof as represented by the American Bankers Association."

Mr. Saul suggested that an effort should be made to limit the length to which bonds shall run to the life of the development for which the bonds are issued.

Secretary Harrison will attend a meeting of the Investment Bankers Association to be held at St. Louis, December 9-12, and confer with a committee appointed by the Board of Governors of the Investment Bankers Association.

COMMITTEE ON STATE LEGISLATION

It was proposed that the section urge the organization in states of savings banks associations, and in this way we might be able to get in closer touch with the savings bank men of the different communities.

The work of this committee during the coming year will be the study of savings legislation by states for the purpose of suggesting greater uniformity; the question of segregation and of guaranty of deposits; the study of savings bank systems in foreign countries; maintain channels of information concerning savings between our office and offices in foreign countries which represent the savings institutions of such coun-

tries; lastly, the question of taxation of savings deposits.

COMMITTEE ON FEDERAL LEGISLATION

Mr. Koppel urged the consideration of the establishment of some connection on the part of savings banks with the Federal reserve system, and discussed the desirability of it.

The work of this committee will be to keep on the alert at all times to watch Federal legislation adverse to the savings bank business, and to propose legislation of benefit to the savings banks.

The immediate work in hand is to endeavor to secure an amendment to the Federal Reserve Act giving mutual savings banks the right to become members of the system.

COMMITTEE ON MEMBERSHIP

The securing of new members of the section, in accordance with the slogan adopted at the Chicago Meeting—"250 new members by the time of the next Convention"—will depend upon the personal work of the individual committeemen. A continuous campaign will be conducted to that end; not only by members of the Executive Committee and Committee on Membership, but the general office as well. At the present time 415 mutual savings banks, members of the section, pay into the Association \$11,650 per annum; stock savings banks, members of the section, pay approximately \$33,000, making a total of \$44,650 paid into the Association by the savings bank members thereof.

COMMITTEE ON SAVINGS

A committee of three, called the "Committee on Savings," composed of John J. Pulleyn, Chairman, and William E. Knox, B. F. Saul, Evan Woollen and E. K. Satterlee, was formed for the purpose of co-operating with the war savings division of the War Loan Organization in urging a continuance of savings and diverting war savings into channels of normal times. This committee has already formed the basis of its work in the following proposition:

PROPOSITION NUMBER ONE

Generally speaking, normal savings deposited in banks have been, in the entirety, absorbed by war finance, regardless of the presumed huge amount of new savings invested in war bonds and stamps.

The normal savers will continue to save irrespective of the relief from the economy necessary for the purposes of war. A certain proportion of the new savers will undoubtedly continue to regularly save; but a large majority will return to their normal living up to the amount of their income. Hence, it is our part to reduce this majority by, first, urging them to continue to save; second, offering adequate and willing facilities for the care of their savings. Those who have newly acquired the habit of saving will presumably seek the savings institutions or other agency for the care of savings, whereas the ordinarily lax ones in this respect will have to be sought after by the savings institution. The conduct of such a movement is

obviously essential to the proper maintenance of financial stability after the war, for such condition depends, in its last analysis, upon the circumstances of the individual.

The more people who save, the less will be the adverse effect on them of the war's reaction. The savings institution is in a position to be of real constructive service in this respect. Emphasis may be given to "willing facilities," for there must be the utmost consideration and courtesy shown everyone who enters the banking house, whether depositor or not. The savings institution should even go out of its way in its consideration for the public. In a campaign to urge the ordinarily improvident people to continue saving, the facilities we offer must be made most attractive and inviting, or the campaign is a failure before it is begun.

During the next year, the government will still require funds. The development of War Savings societies will be encouraged, and war stamps will be sold in such manner as will not conflict with the sale of \$50 and \$100 Bonds on the partial payment plan.

The opportunity is presented to this committee to render a great service to the savings bank by urging, with the co-operation of the New York State Directors of War Savings Office, the people to save, and to deposit such savings in the bank, or through the bank, buy war savings stamps. The need for selling War Savings stamps cannot possibly last more than another year, and by that time, with the sale of War Savings stamps directed through the banks, the banks will undoubtedly have the advantage of an increased patronage, both actually and potentially. The War Savings Committee fully offers its facilities with the thought that by so doing its purpose will be fulfilled: that of encouraging the habit of thrift and promoting the sale of War Savings stamps.

The War Savings Committee has featured War Savings stamps as a loan, as a sale, and they now propose to feature it as a deposit.

The next year will be the transition period between

a country on a war basis and a country on a peace basis. The process of demobilization and settlement of terms will, without doubt, take another year or more to complete.

The promotion of this work in connection with the War Savings campaign will eventually direct the new savings of war-time into the savings institutions of the country.

## PROPOSITION NUMBER TWO

### RETURN OF HOARDED FUNDS TO SAVINGS INSTITUTIONS

A large amount of money withdrawn from savings banks during the past one or two years, it may be assumed, can be accounted for as being in hoard. It has been estimated that over \$50,000,000 has been disposed of in such a way in the New York district alone. The acceptance of proposition number 1—to co-operate with the War Savings Committee—will bring back the greater portion of these funds.

When it is considered that perhaps \$1,500,000,000 of War Savings stamps will mature in 1923-1924, and be cashed in by 20,000,000 or more persons, the ultimate direction of even one-half of such an amount into the savings institutions to be in turn invested in high-grade bonds or mortgage loans for the development of the nation's industries and homes, is amazing.

Never has the public properly understood the functions of a savings institution. It has realized that it was a place to deposit funds; that the deposition of those funds was and is now beyond the public's comprehension.

The use of the Postal Savings as a depository is upon the assumption on the part of the public that the actual money is placed in a vault somewhere behind the bars through which the deposit is made, and when the money is withdrawn the actual money deposited is returned. The public has not been correctly taught, and it should know. The work proposed for this committee, as outlined above, would accomplish exactly such a purpose.

M. W. H.

## Honor Roll of the American Institute of Banking

The names of the following Institute men who have entered the military and naval service should be

### BOSTON

James Arrington  
Harry D. Barr  
Walter C. Biggs  
Albert D. Brown  
F. W. Bumpus  
Francis S. Buswell  
Albert E. Dowd  
Howard E. Gill

Walter C. Hillman  
Robert P. Holdsworth  
Ray A. Hubbard  
Erhard Johnson  
Herman P. Kasker  
John L. Keyes  
Clifford O. Knight  
Howard N. Ladd  
Charles B. MacDougal

added to those published in previous issues of the JOURNAL:

M. W. MacKinnon  
Hugh F. Miller  
John T. Morrissey  
William M. Oliver  
R. R. Pierce  
Charles W. Staples  
Francis F. Vogel  
Waldo E. Windhorn  
H. H. Wright

### PORTLAND

E. R. Corbett  
Erwin N. Crouch  
Donald W. Henney  
O. R. Maris  
M. A. Ross  
Philip A. Strack  
Wm. G. Walby  
Russell Wilhelm

# Clearing House Section

The Clearing House Section includes in its membership every clearing house association in America—231 in all. These associations represent over 2,000 banks and trust companies. The Section affords a channel through which ideas, views and experiences may be exchanged and concerted action may be had on matters of vital concern to the banks and to the public. Scores of additional clearing houses should be organized. A survey is now being made by the State Representatives in order to determine at what points in their respective states efforts should be made to organize.

Suggested articles of association, by-laws and full information for the guidance and use of any number of banks that may desire to organize a clearing house have been prepared and will be furnished upon application to the Secretary of the Clearing House Section.

A clearing house organization is maintained at each of the cities given in the following list:

ALABAMA: Birmingham, Mobile, Montgomery.  
 ARKANSAS: Helena, Little Rock, Pine Bluff, Texarkana.  
 CALIFORNIA: Bakersfield, Fresno, Long Beach, Los Angeles, Oakland, Pasadena, Sacramento, San Diego, San Francisco, San Jose, Santa Monica, Santa Rosa, Stockton.  
 COLORADO: Colorado Springs, Denver, Grand Junction, Pueblo.  
 CONNECTICUT: Hartford, New Haven, Waterbury.  
 DELAWARE: Wilmington.  
 DISTRICT OF COLUMBIA: Washington.  
 FLORIDA: Gainesville, Jacksonville, Ocala, Tampa.  
 GEORGIA: Albany, Atlanta, Augusta, Brunswick, Columbus, Elberton, Hawkinsville, Macon, Newnan, Rome, Savannah, Valdosta, Washington.  
 IDAHO: Boise, Coeur D'Alene.  
 ILLINOIS: Aurora, Bloomington, Chicago, Danville, Decatur, Jacksonville, La Salle, Quincy, Peoria, Rockford, Springfield.  
 INDIANA: Evansville, Fort Wayne, Gary, Hammond, Indianapolis, New Albany, South Bend.  
 IOWA: Cedar Rapids, Davenport, Des Moines, Dubuque, Estherville, Muscatine, Sioux City, Waterloo.  
 KANSAS: Atchison, Emporia, Kansas City, Lawrence, Pittsburgh, Topeka, Wichita.  
 KENTUCKY: Bowling Green, Henderson, Lexington, Louisville, Owensboro.  
 LOUISIANA: New Orleans, Shreveport.  
 MAINE: Bangor, Portland.  
 MARYLAND: Baltimore, Frederick, Hagerstown.  
 MASSACHUSETTS: Boston, Fall River, Holyoke, Lowell, New Bedford, Springfield, Worcester.  
 MICHIGAN: Adrian, Bay City, Detroit, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Saginaw.  
 MINNESOTA: Duluth, Minneapolis, St. Paul.  
 MISSISSIPPI: Meridian, Vicksburg.  
 MISSOURI: Chillicothe, Joplin, Kansas City, St. Joseph, St. Louis, Sedalia, Springfield.  
 MONTANA: Billings, Helena, Lewiston.  
 NEBRASKA: Fremont, Hastings, Lincoln, Nebraska City, Omaha.  
 NEVADA: Reno.  
 NEW JERSEY: Montclair, Orange, Passaic, Trenton.

NEW YORK: Albany, Binghamton, Buffalo, New York, Rochester, Syracuse.

NORTH CAROLINA: Asheville, Charlotte, Raleigh, Rocky Mount, Wilmington.

NORTH DAKOTA: Bismarck, Fargo, Grand Forks.

OHIO: Akron, Canton, Cincinnati, Cleveland, Columbus, Dayton, Hamilton, Lima, Lorain, Mansfield, Springfield, Toledo, Youngstown, Zanesville.

OKLAHOMA: Bartlesville, Guthrie, Lawton, McAlester, Muskogee, Oklahoma City, Tulsa.

OREGON: Albany, Eugene, Portland.

PENNSYLVANIA: Altoona, Butler, Chester, Connellsville, Easton, Erie, Greensburgh, Harrisburg, Lancaster, Lebanon, New Brighton, New Castle, Norristown, Oil City, Philadelphia, Pittsburgh, Reading, Scranton, Wilkes-Barre, Williamsport, York.

RHODE ISLAND: Providence.

SOUTH CAROLINA: Charleston, Cheraw, Columbia, Greenville, Spartanburg.

SOUTH DAKOTA: Aberdeen, Sioux Falls.

TENNESSEE: Chattanooga, Knoxville, Memphis, Nashville.

TEXAS: Amarillo, Austin, Beaumont, Dallas, El Paso, Ennis, Fort Worth, Galveston, Houston, San Antonio, Waco.

UTAH: Ogden, Salt Lake City.

VIRGINIA: Newport News, Norfolk, Richmond.

WASHINGTON: Ritzville, Seattle, Spokane, Tacoma, Yakima.

WEST VIRGINIA: Wheeling.

WISCONSIN: Milwaukee, Oshkosh, Superior.

## NUMBERS BETTER THAN NAMES

The use of the universal numerical system is netting the banks of America a saving of hundreds of thousands of dollars annually in labor, time and expense. It can be used to advantage in bookkeeping, transit, clearing house and various other departments of any bank or trust company. Under this plan a perfect record of ten checks may be had by the entry of fifty figures, while under the old system seventy words or 350 letters would need to be entered. Clerks are at a premium—their time should be conserved. The universal numerical system will do it. By having your numbers printed on your checks and drafts, and incorporated in your indorsing stamp you will be co-operating with your neighbors and assisting in making this system 100 per cent. efficient. The key to the system contains a full explanation of the plan, and two lists of the banks and trust companies of America—one list gives the banks alphabetically arranged with reference to states, towns, etc., together with the numbers assigned to each; the other gives them in numerical order, so if you have the name of any bank you can readily ascertain its number, or if you have its number you can readily ascertain its name.

The cost of the Key is \$1.50. It may be obtained from the Secretary of the Clearing House Section, 5 Nassau Street, New York City, or from Rand, McNally & Company of Chicago, Ill.

## INDIRECT ROUTING OF CHECKS

The following is an excerpt from a letter received from an Arizona member:

"The matter of indirect routing of checks seems to be still in evidence, even though the Federal reserve bank 'collection system' is now in full swing and apparently working very satisfactorily. Something must be done to stop this matter of circuitous routing.

"In this morning's mail we received a check on a national bank in Nogales which was deposited in a national bank at Dallas on the 19th and bears the indorsement of a St. Louis bank on the 21st, a San Francisco bank on the 25th and reached us this morning, the 28th, and is due to arrive in Nogales on the 30th. If this check is unpaid it will take twenty-two days to make the round trip, and instead of eliminating work as we should be doing in times like the present, it is adding a whole lot of unnecessary work and expense to the banks that have no interest whatever in handling the item. In the same mail this morning we received a check which was one of the most flagrant cases of indirect routing that has ever come to our attention. We have today written all the banks in this connection. We think that something ought to be done in this matter."

The check was for \$75 on a bank at Bisbee. It took the following course:

From Greenfield, Okla.....	Sept. 6, to
Oklahoma City.....	Sept. 7, to
Wichita, Kan.....	Sept. 10, to
St. Joseph.....	Sept. 12, to
Wichita.....	Sept. 13, to
Sacramento.....	Sept. 18, to
New Orleans.....	Sept. 23, to
St. Louis.....	Sept. 25, to
Tucson, Ariz.....	Sept. 28.

#### THE NO-PROTEST SYMBOL PLAN

The no-protest symbol plan provides for the use of a \$20 minimum. More than 10,000 banks and trust companies are using it. If you have not adopted this plan, your neighbors will be pleased if you will adopt it at once. Under the plan instructions are automatically conveyed through any number of hands to the final paying bank, and many disputes, claims and other troubles are obviated.

The plan can be instituted at a cost of not to exceed \$1. Additional information (free), and the necessary stamps for installing it will be furnished at actual cost by the Secretary of the Clearing House Section, 5 Nassau Street, New York City.

## National Bank Section

### A RECORD YEAR FOR NATIONAL BANKS

The national banking system showed a net increase, \$25,411,200 in capital during the year ending October 31, 1918; 164 new charters were granted during the year; 170 national banks increased their capital, seven reduced their capital stock; forty-seven went into voluntary liquidation; twenty-two consolidated with other banking institutions, and only one suspended business during the year. Charters are not being granted indiscriminately; twenty-two applications for charters were rejected. Every national banker should feel proud because of this admirable record.

There were 7,765 national banks in active business October 31, 1918—a net increase of ninety-four during the year.

### THE OPPORTUNITY FOR WORLD SERVICE

The spirit of loyalty to country and fight for humanity has been aroused in the heart of every American. This nation is united as it never was before. It presented a solid front in battle. It will present a solid front in peace. With the close of war our real responsibilities have begun. It will take courage, determination and unbounded energy on the part of every leader to plan and execute the great work of reconstruction that faces us. No class of people will play a more important part than will the bankers. The following reassuring statement of facts will be of interest to every national banker:

"There is no excuse for fear or pessimism and no reason for wild extravagance or frantic optimism. We have money, enormous resources, men and brains.

We will need all for the task before us, the most enormous tasks that ever tested a nation.

"As we mobilized our young manhood for fighting, we have to mobilize all the wisdom, virility, conservatism, courage and wealth we can command to adjust ourselves to the new responsibilities and duties put upon us, to co-operate with our associated democracies and Allies in giving peace, freedom and happiness to the world. We have a vast load to carry. We have vast strength with which to carry it. Our part is to give our back to the burden, patiently, soberly, steadily, in the fear of God, and with broad conception of our privilege and opportunity.

"The time has arrived when these powers and opportunities will be exercised in the fullest measure. It will require skillful guidance and careful steering to turn the tremendous energies of the people, which, for so many months past, have been dedicated to the production of engines of destruction, into the implements of construction—to convert our swords into ploughshares and our spears into pruning hooks, and shrapnel shells into locomotives and farm tractors. But the best thought of the nation is now bent on these great problems; and that they will be solved so as to prevent panic or industrial demoralization we may be assured.

"There has been much inflation of certain kinds, which is incident to all wars; and there have been many inequalities in different directions. There has been a great scarcity of labor of every sort, and wages have been thrown out of proportion to living costs in many cases.

"The firm hold which the government found it necessary to take to prevent runaway markets for

the necessities of life and for the raw materials needed in industry may now be exercised in a conservative and healthy way to establish a reasonable equilibrium and to prevent destructive and sudden movements, which sometimes in the past have precipitated panics. There is no reason why this country need fear such commercial revolutions or financial crises as those through which we have passed in the earlier years of our history.

"The agricultural, mining and industrial activities of this country are enjoying generally phenomenal prosperity, and from a financial standpoint our banks are today stronger and better able to cope with any situation which may arise than they have ever been in the past.

"We have raised in the past eighteen months nearly \$18,000,000,000 from the sale of Liberty Bonds, and yet the deposits of our national banks today are several billion dollars more than they were before we attempted to place the first Liberty Bond. As an evidence of the improved management and strengthened position of the national banks of the country it is deeply gratifying to point to the fact that during this calendar year 1918, in which the strain upon our banking resources has been greater than at any time during our past history, there has been only one national bank suspension in our entire country. There has been no such record as this for nearly forty years past. This immunity from failure is the more gratifying when we consider the extraordinary stress of these difficult times through which we have been passing with the whole world aflame.

"We are no longer a debtor nation. Our government is now lending to the allied nations nearly \$8,000,000,000, while our loans and investments in Central and South American countries also amount to hundreds of millions of dollars, which also go to swell our credit balance with the world.

"The industrial capacity of this country as a producing nation has increased enormously since the outbreak of the war, but the entire energy of the country, not absolutely required for the production of food and clothing, has been mainly engaged in the making of munitions and implements of war and terrific engines of destruction. Hereafter, these energies will be dedicated to the work of upbuilding and regeneration.

"In the coming world adjustments, the fruits of the earth, of industry and of commerce must be divided between capital and labor on the basis of equity and justice, and this will increase unspeakably the comfort and health and welfare of our people and of all peoples. This task is a stupendous one, but one which the American people are fully capable of solving; and I do not doubt that the manhood and courage and resourcefulness which have characterized our people in war will enable them to settle the tremendous problems of peace without real danger or interference from the bolsheviks or the anarchist.

"Three million young, strong, trained men, with new and comprehensive understanding of world obligations will be back among us, applying their creative force to the endless power of production of our land, and mines, and waters, our continental and island possessions. With such a combination, there is no

limit to our possibilities of achievement." Quoted from statement of the Comptroller of the Currency to the press, November 14, 1918.

#### COMPTROLLER'S REQUEST PERPLEXES NATIONAL BANKERS

Many communications have been received at the National Bank Section headquarters asking for suggestions in the way of methods and forms for use in compiling and keeping daily record of the information requested by the Comptroller of the Currency under items Nos. 21 and 27 on the blank calling for report of condition. Item No. 21 calls for: Interest earned but not collected, approximate on notes and bills receivable not past due. Item No. 27 calls for: Interest and discount collected or credited in advance of maturity and not earned, approximate. Notice is given under Item No. 31 as follows: "As it has been the custom of many national banks to credit discounts as collected directly as profits, and to credit profits with accruing interest only after actual collection, it has been thought proper to give the banks a reasonable time to make the adjustments which will be required in order to report accurately Items Nos. 21 and 27. Therefore, national banks may exercise their discretion *on this call* as to including these Items Nos. 21 and 27 in this report of condition. Banks will, however, be required to report these items correctly from January 1, 1919. They have had a reasonable opportunity to adjust their books to show these items accurately. Notice has been printed in each report of condition since December 31, 1917, that banks should prepare for this change."

The Comptroller attaches considerable importance to this information, else he would not call for it. It can be obtained, but not without much labor and effort; particularly on the part of the small banks. It would seem that one year's notice is ample, but confronted with Liberty Loan campaigns, Red Cross drives and other patriotic duties and on account of shortage of help, many bankers have not been able to give attention to the working out of this detail. It is not the duty of the Comptroller's office to provide a system of records for the banks, but request has been made of that office, also of the Federal reserve banks, for any suggestions that they may offer which will be helpful. The suggestions when received will be transmitted by the Secretary to the inquiring members of the National Bank Section.

In the meantime, we are permitted, through the courtesy of Governor J. B. McDougal of the Federal Reserve Bank of Chicago, to print his response to our inquiry for the benefit of the members of the National Bank Section:

"CHICAGO, November 22, 1918.

"MY DEAR MR. THRALLS:

"Referring to your letter of the twentieth instant, this bank has made no general recommendation to member banks with respect to forms to be used, or procedure to be followed, in calculating interest earned but not collected, and interest collected but not earned.

"There are enclosed herewith sample sheets used by our discount department in calculating daily earnings on discounts, together with a memorandum explaining the method to be followed in instituting the system. We have no forms

to be used in the case of interest earned but not collected, as all of our loans are handled on a discount basis.

"We have suggested to banks making inquiries that they endeavor, if possible, to place all of their loans on a discount basis, in order that the work of computing daily earnings be simplified.

"Our experience in using the daily earning system has been very satisfactory, and since the change from the old to the new system was made, we have had very little trouble.

Very truly yours,  
"J. B. McDUGAL,  
"Governor."

#### INTEREST EARNED BUT NOT COLLECTED

This part of the Comptroller's statement referring to "Interest Earned," but not "Collected," is interpreted to mean the interest on loans (and bonds) which is not collected in advance, but is paid at stipulated periods during the life of the loan. We mention bonds for the reason that they can be handled in the same manner as loans where interest is paid at maturity.

This requires the opening of debit accounts on the resource side of your ledger under "Interest Earned on Loans not Collected" and "Interest Earned on Bonds not Collected."

To establish these accounts figure accrued interest on all loans (and bonds) up to and including the day the system goes into operation and charge this amount to "Interest Earned, but not Collected" (resource side) and credit "Interest" or "Profit" account (liability side).

The loans and bonds are classified in the same manner as explained under discounts, according to rates, and these balances are increased, or decreased, with each day's transactions at the specified rates, so that you can figure accurately one day's interest. The day's earnings in this department are computed by figuring one day's interest on the balance shown in each rate column. The aggregate amount is debited to "Interest" or "Profit" (or whatever account usually receives credit for these earnings). When the interest is collected from the borrower, the amount is credited to "Interest Earned, but not Collected." Coupons taken from bonds owned should be credited also to "Interest Earned, but not Collected." When bonds are sold before maturity, the accrued interest on same should be credited to "Interest Earned, but not Collected."

#### INTEREST COLLECTED BUT NOT EARNED

Classify all notes discounted into various rates of interest which they draw; in other words, get a total on all your 6 per cent., 5½ per cent., 5 per cent., etc., notes. Figure the interest on the total of each rate from the date of establishing the account to maturity. This will give the amount of interest collected, but not earned, and should be credited as a liability under the account of "Interest or Profit, but not Earned" and charged to the "Interest or Profit Account" (or whatever account these earnings have previously gone into). On all new discounts or renewals the interest collected must be credited to "Interest Collected, but not Earned."

You can keep the classification of notes as to rates of interest in a small memorandum book, charging each day under various rates all new loans made, and crediting each day under various rates all the notes that are paid. Therefore, transfer daily into your profit account one day's interest on total discounts as follows: Calculate the interest for one day (using the 365-day interest table) on the total notes under each interest rate. The aggregate amount of one day's interest is charged to "Unearned Interest" and credited to "Interest" or "Profit Account." After arriving at the amount of discount for one day, the system will work automatically.

The transfers from "Interest Collected, but not Earned" to "Interest" or "Profits" (or whatever account usually receives credit for these earnings) must be made daily. On Saturdays and on a day before a legal holiday, the double amount of the daily interest is to be transferred in order to cover two days.

Discount rebated (on notes paid before maturity) is charged to "Interest Collected, but not Earned."

On loans where a fixed charge is made and no specified rate of interest is charged same should be classified under the highest legal rate of interest, which is 8 per cent. The difference between the earnings on such loans at 8 per cent. and what you have actually charged should be credited to "Profit Account" and the amount of interest at 8 per cent. should be credited to "Interest Collected, but not Earned." For example: A loan of \$60 is made for thirty days, on which you have charged \$1. The interest on this note at 8 per

#### SHEET FOR CALCULATING DAILY EARNINGS ON DISCOUNTS

ACCOUNT		MONTH		YEAR		RATE	
DAY	DEBITS	CREDITS	CORRECTIONS	DR. BALANCE	PENDING ADJUSTMENTS	Date Adj.	Date Cr. — EARNINGS
	FORWARD						
		(Ruled on both sides and to carry the account for one month)					
	TOTAL						

cent. would be \$40, which should be credited to "Un-earned Interest" and the difference, \$.60, credited to "Profit Account."

#### MEMBER OF EXECUTIVE COMMITTEE APPOINTED

A. F. Dawson, president of the First National Bank of Davenport, Iowa, was appointed a member of the Executive Committee of the National Bank Section, November 21, 1918, to fill the vacancy created through the death of Nelson N. Lampert of Chicago. This appointment holds good until the next convention of the National Bank Section, when it will be ratified or another member will be elected to serve for the un-

expired term of Mr. Lampert. Mr. Dawson was also appointed Chairman of the National Bank Section's Committee on Legislation.

#### SHALL THE GOVERNMENT INDORSE FOR THE ALLIES?

President Oliver J. Sands of the National Bank Section has offered the suggestion that consideration be given to the idea of the United States Government indorsing or guaranteeing the obligations of our Allies and offering such obligations for sale direct to the American people instead of floating additional direct obligations of the United States Government in order to raise funds to loan to the Allied Governments.

## State Bank Section

A meeting of the Executive Committee of the State Bank Section was held in New York, November 24, 1918, at which arrangements were made for submitting to the members of the Section a questionnaire regarding policies to be pursued and work to be performed during the ensuing year. A membership committee was appointed consisting of the various State Vice-Presidents of the Section with First Vice-President J. W. Butler as Chairman.

The respective State Vice-Presidents are as follows:

Alabama: S. C. King, cashier Bank of Ensley, Ensley.  
 Arizona: R. N. Fredericks, president Prescott State Bank, Prescott.  
 Arkansas: Ivie E. Howell, cashier Bank of Waldo, Waldo.  
 California: F. W. Robinson, vice-president and cashier Producers Savings Bank, Bakersfield.  
 Colorado: W. S. Johnson, cashier Rio Grande State Bank, Del Norte.  
 Connecticut: Frank B. Frisbie, president Mechanics Bank, New Haven.  
 Delaware: Dr. Hiram R. Burton, vice-president Fidelity Trust & Savings Bank, Lewes.  
 Florida: J. A. Ormond, cashier Citizens State Bank, Marianna.  
 Georgia: John T. Stephens, cashier Bank of Forsyth, Forsyth.  
 Idaho: E. H. Plowhead, cashier Caldwell Commercial Bank, Caldwell.  
 Illinois: John R. Pogue, president Farmers & Merchants State Bank, Decatur.  
 Indiana: Felix M. McWhirter, president Peoples State Bank, Indianapolis.  
 Iowa: H. M. Carpenter, president Monticello State Bank, Monticello.  
 Kansas: W. S. Hadley, president Citizens State Bank, Wichita.  
 Kentucky: E. L. Fontaine, cashier Farmers Deposit Bank, Brandenburg.  
 Louisiana: F. Dietze, Jr., vice-president and cashier Canal Bank & Trust Co., New Orleans.  
 Maine: George A. Safford, secretary and treasurer Hallowell Trust & Banking Company, Hallowell.  
 Maryland: Webster Bell, president Park Bank, Baltimore.  
 Massachusetts: H. A. Rhoades, president Dorchester Trust Co., Boston.  
 Michigan: G. L. Taylor, cashier Citizens Savings Bank, Owosso.  
 Minnesota: F. L. Stone, president Swift County Bank, Benson.

Mississippi: George R. Rea, cashier Merchants Bank, Bay St. Louis.  
 Missouri: Ira H. Potter, cashier St. Joseph Stock Yards Bank, St. Joseph.  
 Montana: W. S. Davidson, president Gallatin Trust & Savings Bank, Bozeman.  
 Nebraska: M. W. Folsom, president Nebraska State Bank, Lincoln.  
 Nevada: John Henderson, president Henderson Banking Company, Elko.  
 New Hampshire: Wm. D. Swart, president Nashua Trust Company, Nashua.  
 New Jersey: Robert W. Howell, cashier Trenton Banking Co., Trenton.  
 New Mexico: Roy Ammerman, cashier First State Bank & Trust Co., Roswell.  
 New York: James O. Sheldon, vice-president and cashier Bank of Gouverneur, Gouverneur.  
 North Carolina: C. H. Godwin, cashier Peoples Bank, Williamston.  
 North Dakota: James J. Earley, president Bank of Valley City, Valley City.  
 Ohio: Sidney J. Brister, cashier State Savings Bank Co., Dover.  
 Oklahoma: Charles L. Engle, president Commercial Bank, El Reno.  
 Oregon: R. S. Howard, assistant cashier Ladd & Tilton Bank, Portland.  
 Pennsylvania: E. S. Gardner, president Middle City Bank, Philadelphia.  
 Rhode Island: Elijah Allen, cashier High Street Bank, Providence.  
 South Carolina: John B. Cannon, cashier Bank of Spartanburg, Spartanburg.  
 South Dakota: James S. Thomson, president Bank of Centerville, Centerville.  
 Tennessee: J. R. Harrison, cashier Peoples Bank, Milan.  
 Texas: B. F. Berkeley, president Alpine State Bank, Alpine.  
 Utah: Joel R. Parrish, cashier Farmers State Bank, Woods Cross.  
 Vermont: C. S. Webster, treasurer Barton Savings Bank & Trust Co., Barton.  
 Virginia: Harvey Fleetwood, cashier Bank of Waverly, Waverly.  
 Washington: J. E. Chilberg, president Scandinavian-American Bank, Seattle.  
 West Virginia: W. E. Nelson, vice-president and cashier Bank of Lewisburg, Lewisburg.  
 Wisconsin: J. M. Holley, cashier State Bank, LaCrosse.  
 Wyoming: I. C. Jefferis, vice-president Weston County Bank, Newcastle.

**FAILURE TO RECEIVE PRESENTATION FEE ON UNPAID ITEMS AFTER SERVICE HAS BEEN RENDERED BY BANKS** has caused the State Bank Section of the American Bankers Association (of which this Bank is a member), to adopt the following Resolution relative to Collections and Requests for Rating—it being the general opinion of bankers that "the laborer is worthy of his hire," and that banks should not be expected to perform these important duties without some remuneration:

**RESOLVED, THAT COLLECTIONS AND REQUESTS FOR RATING** will have our prompt attention **PROVIDED** same are accompanied by the following fee **IN ADVANCE**:

Collections .....15 cts. each  
Requests for rating, minimum fee..25 cts. each

Unless such fee accompanies request for this service the item will be returned without presentation or attention. This rule does not apply to Drafts with Bills of Lading attached, or to Notes.

We return the attached and call your attention to our rule. Fees accompanying collections will be credited as part of regular exchange charge on collections made. In complying with request for rating, all statements will be made upon information which this bank believes to be reliable, but further than that it assumes no liability whatever.

Please keep for future reference.

### SPECIAL SERVICE CHARGES

The State Bank Section, in convention at Chicago, approved the Wisconsin plan of making charges for presenting drafts and furnishing credit information. Such charges are not mandatory. The probabilities are, however, that many state banks may want to utilize the proposed system of charges when reciprocal arrangements do not exist, and the State Bank Section has accordingly prepared for the use of member banks a quantity of cards reading as in the adjoining column.

Copies of this card may be obtained at nominal cost upon application to George E. Allen, Secretary State Bank Section American Bankers Association, Five Nassau Street, New York City, N. Y. Price, post paid, fifty cents for the first 250 copies, seventy-five cents for 500 copies, \$1 for 750 copies, \$1.25 for 1,000 copies. G. E. A.

### PUBLIC DEBT OF THE UNITED STATES

According to the annual report of Secretary of the Treasury McAdoo, the United States' public debt last June 30 was \$12,396,000,000, without taking into consideration the \$1,319,000,000 free balance in the treasury to partially offset the debt. The public debt has been increased since then by the Fourth Liberty Loan of nearly \$7,000,000,000 and by treasury certificates of indebtedness amounting to several hundred million dollars. The report also showed that the War Finance Corporation, up to October 31, had made loans amounting to \$67,716,000, of which \$29,863,000 had been repaid, leaving advances outstanding \$37,852,000. Most of the loans, or \$64,739,000, went directly to war industries.

## State Secretaries Section

In line with the suggestion offered by Ex-President Bartlett at the last annual meeting, that the Secretaries Section should develop a greater usefulness, it has adopted as one of the activities of the secretary the gathering of information from the secretaries of the various associations and its general dissemination to members of the section by means of a bulletin to be issued as often as this service may demand. It is believed this plan has possibilities of securing effective results by bringing about a unification of effort along many lines of association work. The most obvious phases where direct benefit will be derived through this general clearing of association information are the protective and legislative work. However, there are many others and the co-operation of every secretary is requested with the idea that this may be the beginning of the development of a close co-operation and co-ordination which will eventually lead to the section attaining its potential usefulness and power. Any important points that would be of interest to the other states should be sent to the secretary's office by each secretary as well as all circulars emanating from his office. A list of convention dates, as announced, will appear in the bulletin from time to time.

### STATE LEGISLATION

Copies of any measures applying to banking, such as bank taxation, criminal laws, etc., should be forwarded to the secretary as soon as enacted, as well as any specific Treasury rulings on Internal Revenue laws pertaining to banks which may be received.

### PROTECTIVE

It will not be necessary to send notices of isolated cases unless a party is known to have left the state, but in instances of professional yeggs, forgers, etc., good results can be secured by sending details to the secretary's office promptly, and where quick action is necessary to apprehend a criminal information should be forwarded by wire. Special protective bulletins will be issued as may be required.

### MEETING OF COMMITTEE ON STANDARDIZATION OF FORMS

As a result of Secretary Richard's very interesting paper on uniformity of forms used by banks in the various states, presented at the Chicago meeting, a

committee was appointed which held its first meeting November 11. It was the sense of this meeting that the attention of each secretary should be called to the appointment of the committee which has in view a sustained effort to urge the use of a uniform style of checks, drafts, certificates of deposit and other standard forms used by all banks.

A plan was presented to have several states combine their orders on the same basis, by which means a great saving in cost could be effected, as well as uniformity of size secured. It has been suggested that each secretary could send out to his membership a sheet bearing samples of the several forms, asking for estimates as to probable quantity that could be used by each bank interested for a certain period of time. In this way a quantity figure could be obtained upon which to base prices; this to be repeated every six months or year.

The committee also took up the matter of the standardization of checks, having in mind the great advantage of having the number, amount, etc., appear in the same space on all checks used. This would facilitate the handling of them in the banks and mean a material saving of time. The Committee will endeavor to work out a sample check to be submitted to the secretaries within a short time. It wishes to urge the banks to omit printing the names of customers on checks as one feature of standardization, and asks for suggestions from all secretaries.

#### MEMBERSHIP SIGN

For the purpose of adopting a uniform design, if desired, and thereby reducing the cost, a sketch has been submitted similar to the sign of the Minnesota Bankers Association, which was exhibited at the last meeting, with the addition of a slot in which a slip, showing the year for which dues are paid, can be inserted, the sign to be a permanent one. Upon request, the secretary will be glad to send the sketch, together with a sample of the Minnesota sign. Prices quoted are as follows:

500 to 1,000	@ 18 cents
1,000 to 2,000	@ 17 cents
2,000 to 4,000	@ 16 cents
4,000 to 10,000	@ 15 cents
f. o. b. Covington, Kentucky	

Prices include cardboard backs, cord hangers and individual strawboard boxes suitable for remailing. These prices are also based on imprinting any state as per panel shown on design, together with the slot and receptacle for the printed insertion of receipt of dues or membership slip for each year, this slip to be furnished by state secretaries. The quotations are based on the expectation that the change of state name will be required on each 500 lots or approximately so and on the quantities mentioned being ordered at one time.

#### DUPLICATION OF EFFORT AND REQUEST

Apropos of Ex-President Bartlett's reference to the "duplication of effort" and particularly the unsatisfactory results from the "duplication of request" in a state where some particular assistance is desired by the American Bankers Association from the state secretary, Council members and member of Legislative

Council, all being asked to perform the same task with the consequence that it is often left undone, the Agricultural Commission has been requested to send copies of all its circular matter to the secretary's office in order that it may be distributed to the members of the section. A similar request will be made of the Committee on Federal Legislation of the American Bankers Association.

#### THE FRANKING PRIVILEGE

A request from this section for the franking privilege upon Liberty Loan notices when sent out by banks would probably receive attention. If all are interested and will so advise, taking the matter up in their respective states, proper steps will be taken to have it brought to the attention of the authorities at Washington.

#### SUGGESTED AMENDMENT TO FEDERAL RESERVE ACT

The following letter received from the office of the New York secretary calling attention to the fact that while national banks under the recent ruling of the Comptroller, are no longer limited as to the amount loaned to any one borrower when collateralized by United States Liberty Loan bonds or certificates of indebtedness, provided such loan is secured by a minimum of \$105 bonds for each \$100 borrowed, the major portion of such notes may not be rediscounted at the Federal reserve bank for the reason that under the Federal Reserve Act the paper of any one person, firm or corporation is not available for rediscount which is in excess of 10 per cent. of the loaning bank's capital and surplus—brings up a question that would be well worth the consideration of all secretaries:

Your attention is called to the fact that the ruling of the Comptroller of the Currency provided for under amendment to Section 5200 U. S. R. S., removes the roof as to the limit that may now be loaned by a national bank to any one borrower when collateralized by United States Liberty Loan bonds or certificates of indebtedness, provided such loan is secured by a minimum of \$105 of bonds for each \$100 borrowed.

This ruling enables a national bank to loan freely upon Liberty Loan bonds, but does not, however, alter the Federal Reserve Act, which makes unavailable for rediscount with a Federal reserve bank the paper of any one person, firm or corporation, which is in excess of 10 per cent. of the loaning bank's capital and surplus. In order that the collateral to such loans made in accordance with the new ruling may be used as a basis for credit at the Federal reserve bank, it is suggested that the following clause be inserted in the body of the note:

"It is further agreed that the ——— National Bank may rehypothecate the above-named collateral."

This will enable the bank holding such loan to use the Liberty Loan bonds pledged with it as a basis for credit at the Federal reserve bank should occasion require.

It has been said that this suggestion might open the way to a bad practice, and instead of adopting some plan to get around the ruling, it might be better to try to secure legislation amending the Federal Reserve Act. Expressions of opinion on this subject are invited.

#### UNITED STATES COUNCIL OF STATE BANKING ASSOCIATIONS

Probably all the Secretaries have received a letter from the above organization, dated November 15, accompanied by a circular, evidently sent to all state chartered institutions. An expression of their views

is requested as to how the section shall handle the matter.

From the point of view of the Illinois secretary, it is evident that the circular to the banks was gotten up with the idea of creating a demand on the part of the banks for the co-operation of the state association. However, some of the real facts are more or less camouflaged by certain statements: The assertion that representatives of thirty states participated in the organization in St. Louis, July 15, 1918, gives the impression that they were all unanimous, whereas eight states were opposed. The paragraph on the first page stating that "The Council of State Banking Association will not be subject to that embarrassment which might accrue were it attempting to represent all classes of financial institutions," does not seem to be in harmony with the statement on the third page, "That in establishing an office in Washington the Council did not have in view the creation of an agency to advocate legislation merely to give one class of banks an advantage over others," etc. Referring to the following: "It is hoped that by close co-operation with the Federal Reserve Board legislation will be secured which will permit all state banks (the character of whose business makes them eligible) to become members of the Federal reserve system," one is reminded of the fact that the State Bank Section of the American Bankers Association has done a great deal of work along that line and has obtained amendments to the Federal Reserve Act which have made it possible for every eligible state bank to join the system. The letter further states, "The Council is financed through the various state associations, and there will be no additional assessment on individual banks for the service the Council will render." How is it expected that the state association will meet the appropriation requested, in accordance with the personal letter to the secretary, where the dues just take care of association expenses, unless an additional assessment is made on individual banks? Furthermore, by what right could a state association pay the appropriation for the benefit of the state banks only when the national banks are helping to make up the association treasury?

Favorable action on this matter taken by any state association will necessarily mean the creation of a State Bank Section in order to confine the additional expense to the state banks, and there is a movement on foot, fostered by the National Bank Section of the American Bankers Association, to organize National

Bank Sections in each state. The whole matter, therefore, resolves itself into the one great question—Shall we favor the formation of sections in our associations?

#### CHARGES FOR PRESENTING DRAFTS AND FURNISHING CREDIT INFORMATION

It will be remembered that the Wisconsin Association was the first to adopt a resolution relative to a charge for presenting drafts and furnishing credit information and prepared cards in the following form for the use of its members. This matter has been before the State Secretaries several times and probably some of the states have adopted the plan. The suggestion is made that each secretary who has not done so, take the matter up in his state, if thought desirable, and endeavor to have a similar resolution adopted. The form of this card is given on page 346.

#### CO-OPERATION WITH THE SECTION SECRETARIES

Toward the end that the various sections of the American Bankers Association may get in closer touch with this section, it will endeavor to co-operate so that all may work together to the best possible advantage.

#### WAR TAX INFORMATION

A new revenue bill will soon be enacted by Congress, and we can safely judge by past experience that such a bill will be very hard for the average citizen to interpret. It has been suggested by the Wisconsin Secretary that no better source for distribution of information relative to such matters could be available than through the Organization of Secretaries. If the government would arrange a meeting of state association secretaries where experts from the Treasury Department could spend a couple of days explaining and interpreting the provisions of the bill, they would be able to disseminate through the banks of their states reliable information, not only to the bankers, but to the citizens of their various communities.

#### FINALLY

The value of the information sent out from the secretary's office will largely depend upon its prompt receipt, and members of the section can help a great deal by forwarding all items of interest without delay.

Let us work "All for one and one for all" to make this a year of marked development for the Secretaries Section.

M. A. G.



## Title Changes Among Bank Officers

Following is a list of officers' title changes in institutions which are members of the American Bankers Association, reported to the JOURNAL from October 26 to November 25, inclusive. Members will confer a favor by notifying this department immediately of any such changes. Publication will be made only on receipt of information direct from members.

### CALIFORNIA

Antioch—J. Rio Baker, formerly vice-president, elected president Bank of Antioch, succeeding C. M. Belshaw; R. Harkinson, formerly cashier, now vice-president; R. V. Davis, heretofore assistant cashier, appointed cashier.

Azusa—J. C. Muehe, formerly chief teller First National Bank, Portland, Ore., appointed cashier First National Bank, succeeding H. B. Raney, resigned.

Marysville—J. K. Kelly elected vice-president Decker Jewett & Company Bank, succeeding H. B. P. Carden, who becomes cashier, succeeding A. C. Bingham, deceased.

Richmond—W. S. Lucas elected vice-president Bank of Richmond, succeeding W. K. Cole.

Richmond—L. A. Stevenson appointed cashier First National Bank, succeeding L. J. Younce.

### COLORADO

Boulder—W. L. Armstrong elected president Mercantile Bank & Trust Company, succeeding J. T. Chenault; R. W. Joslyn appointed cashier, succeeding L. E. Chenault.

### DISTRICT OF COLUMBIA

Washington—Rolfe E. Bolling elected president Commercial National Bank, succeeding Frank P. Harman, who becomes chairman of the board.

### FLORIDA

Eustis—Irving Trask elected president Citizens Bank of Eustis and branches (Bank of Mt. Dora, Mt. Dora and Bank of Tavares, Tavares), succeeding G. W. Holmes, resigned.

### GEORGIA

Cairo—H. G. Cannon elected president Citizens Bank, succeeding W. S. Wight, deceased; K. P. Wight elected vice-president.

Elberton—W. F. Hubbard appointed cashier First National Bank, succeeding H. P. Hunter.

Hartwell—D. C. Alford, formerly vice-president, elected president Hartwell Bank, succeeding J. W. Williams, resigned; M. M. Norman now vice-president.

### IDAHO

Grangeville—W. W. Brown, formerly cashier, elected vice-president Bank of Camas Prairie; A. H. Wetherbee, formerly assistant cashier, now cashier.

Kamiah—M. B. McConnell, formerly teller Old National Bank of Spokane, Wash., appointed cashier State Bank of Kamiah, succeeding E. C. Schulz, resigned.

Twin Falls—Chas. U. Alig elected cashier Idaho State Bank, succeeding Urban T. Tracey, resigned.

### ILLINOIS

Amboy—R. W. Ruchman, formerly cashier, elected vice-president Amboy State Bank; A. A. Lauer now cashier.

Chicago—M. A. Traylor elected president First Trust and Savings Bank, succeeding Emile K. Boisor.

Grand Tower—L. M. Crow appointed cashier First National Bank, succeeding R. A. Van Buskirk, resigned.

### INDIANA

East Chicago—Walter J. Riley elected president First National Bank, succeeding G. J. Bader; C. A. Westberg elected vice-president, succeeding J. G. Allen.

### KANSAS

Leavenworth—O. B. Taylor, Jr., formerly cashier, elected president First National Bank, succeeding Amos E. Wilson, deceased; Howard Gordon, now cashier.

Neodesha—B. H. Hill, formerly vice-president, elected president First National Bank, succeeding William Hill, deceased; W. A. Rankin now vice-president.

Wichita—Dan F. Callahan elected active vice-president Fourth National Bank, succeeding John H. Boys, resigned; Chas. L. Davidson elected chairman of board.

### MARYLAND

Baltimore—James D. Garrett, formerly assistant treasurer, elected treasurer Central Savings Bank of Baltimore, succeeding J. Wilson Cole, deceased.

### MASSACHUSETTS

Norwell—Herbert G. Robbins appointed treasurer South Scituate Savings Bank, succeeding Harry T. Fogg.

### MICHIGAN

Calumet—Stephen Paul, cashier Merchants and Miners Bank, resigned.

Wayne—W. A. BeGole, formerly assistant cashier Farmers and Mechanics Bank of Ann Arbor, appointed cashier Peoples State Bank.

### MINNESOTA

St. Paul—Gordon C. Smith, vice-president Merchants National Bank, resigned.

Stephen—Tom Anderson appointed cashier State Bank of Stephen, succeeding C. H. Berge.

Thief River Falls—W. H. Akre appointed cashier First National Bank, succeeding W. W. Prichard.

Ulen—Albert Skrien appointed cashier Ulen State Bank, succeeding C. R. Peterson, resigned.

### MISSOURI

Nashua—W. T. Elliott elected cashier Bank of Nashua, succeeding W. E. Thompson, resigned.

Parnell—Harley E. Nigh, formerly assistant cashier, elected cashier Farmers Bank of Parnell, succeeding C. F. Sisson, resigned.

St. Louis—Clarence R. Laws, vice-president Boatmen's Bank, resigned.

### MONTANA

Kalispell—A. N. Tobie, formerly assistant cashier, appointed cashier Conrad National Bank, succeeding W. M. Buckles.

Poplar—Olaf Ramstad, formerly vice-president, elected president First National Bank, succeeding H. L. Melgaard; T. L. Melgaard now vice-president.

### NEBRASKA

Enola—B. B. McGinnis, formerly vice-president, elected president Enola State Bank, succeeding W. R. Martin, resigned; F. M. Wright now vice-president; L. T. Rerucha, cashier.

Hordville—L. G. Crampton appointed cashier First State Bank, succeeding P. J. Refshauge.

Orleans—W. C. Oelkers elected cashier State Bank of Orleans, succeeding W. B. Pierce.

### NEW YORK

Amsterdam—George B. Wilkinson appointed cashier First National Bank, succeeding Arthur Koch, resigned to become state bank examiner.

Buffalo—Clifford Hubbell, president Bankers Trust Company of Buffalo, resigned to become president Fidelity Trust Company.

Mt. Vernon—William Archer elected vice-president First National Bank, succeeding Howard S. Dickson, deceased.

New York—Challen R. Parker, formerly vice-president and cashier Anglo & London Paris National Bank of San Francisco, elected vice-president Guaranty Trust Company; Willis H. Booth, formerly vice-president Security Trust and Savings Bank of Los Angeles, elected vice-president.

### NORTH CAROLINA

Gibson—N. T. Fletcher, formerly vice-president and cashier, elected president and cashier Bank of Gibson, succeeding W. T. Pate, deceased; Jas. G. Pate elected vice-president.

Hamlet—Thomas M. Rose, vice-president, appointed acting president Bank of Hamlet, succeeding E. A. Lackey, deceased.

Hickory—L. F. Abernethy appointed cashier Consolidated Trust Company, succeeding J. W. Orebaugh, resigned.

#### NORTH DAKOTA

Fessenden—Arthur L. Netcher elected vice-president Wells County State Bank, succeeding C. E. Beiseker.

#### OHIO

Bucyrus—Phil. A. Heater appointed cashier First National Bank.

Wilmington—Alfred I. McVey, cashier First National Bank of Blanchester, appointed second vice-president First National Bank.

#### OKLAHOMA

Frederick—D. M. Long, formerly assistant cashier, appointed vice-president First National Bank.

Holdenville—W. M. Taylor elected vice-president First National Bank, succeeding G. A. Moseley, resigned.

Tyrone—O. D. Bush, cashier Farmers State Bank, resigned.

#### OREGON

Monmouth—E. L. Kilen appointed cashier First National Bank, succeeding W. E. Smith, resigned.

#### PENNSYLVANIA

Philadelphia—W. Perry E. Hitner, formerly vice-president, elected president Broad Street Bank; John Thompson, Jr., appointed vice-president.

Pittsburgh—George D. Edwards elected first vice-president Commonwealth Trust Company; William A. Way elected second vice-president.

Pittsburgh—Sidney S. Liggett, formerly manager Bond Department, elected vice-president Union Trust Company.

#### SOUTH CAROLINA

Clio—W. E. Anderson, formerly assistant cashier First National Bank, Lincolnton, elected cashier First National Bank, succeeding N. H. Larkins, resigned.

#### TENNESSEE

Dickson—W. J. Johnson elected active vice-president First National Bank; S. G. Robertson appointed cashier, succeeding H. H. Self, retired.

Halls—Fred R. Hurt appointed cashier Peoples Savings Bank and Trust Company, succeeding C. E. McFarland, resigned.

Huntsville—A. J. Daniel appointed cashier First National Bank, succeeding E. E. Griffith.

#### TEXAS

Spur—M. E. Manning, cashier Spur National Bank, retired; M. H. Lee, active vice-president, also appointed cashier.

Wichita Falls—W. M. Frank, heretofore assistant cashier, appointed cashier National Bank of Commerce.

#### WASHINGTON

Centralia—A. U. Dann elected vice-president Centralia State Bank, succeeding Wm. Calvert, Jr.

Port Angeles—U. K. Loose appointed cashier Port Angeles Trust and Savings Bank, succeeding B. J. Phillips, resigned.

Tacoma—W. G. Hellar elected vice-president National Bank of Tacoma.

#### WEST VIRGINIA

Dunbar—W. T. Moore elected vice-president Bank of Dunbar.

Huntington—C. W. Cammack elected vice-president Union Bank and Trust Company.

## Mortuary Record of Association Members

REPORTED FROM OCTOBER 26 TO NOVEMBER 25, 1918

Bauman, Ferdinand, vice-president Central National Bank, Columbus, Ohio.

Carman, Geo. W., president Marine Savings Bank, Marine City, Mich.

Carson, Daniel B., assistant cashier Exchange National Bank, Pittsburgh, Pa.

Clark, J. G., president First National Bank, Georgetown, Ill.

Cole, J. Wilson, treasurer Central Savings Bank of Baltimore, Baltimore, Md.

Denny, H. D., director Commonwealth Trust Company, Pittsburgh, Pa.

Fitch, Arthur E., cashier National Union Bank, Boston, Mass.

Hamilton, Edward J., vice-president Duquesne Trust Company, Duquesne, Pa.

Humphreys, William D., cashier Tarrytown National Bank, Tarrytown, N. Y.

Jackson, O. D., assistant cashier American Bank & Trust Co., Huntington, W. Va.

Kennedy, J. J., director South Hills Trust Co., Pittsburgh, Pa.

Kern, George J., vice-president Farmers State Bank, Sullivan, Wis.

King, John James, director Yonkers National Bank, Yonkers, N. Y.

Knapp, G. A., chairman of board First-Fond du Lac National Bank, Fond du Lac, Wis.

Lackey, E. A., president Bank of Hamlet, Hamlet, N. C.

Lackey, O. E., vice-president Bank of Hamlet, Hamlet, N. C.

Lawrence, F. E., director Chatham & Phenix National Bank, New York, N. Y.

Learn, J. H., director State Bank of Braddock, Braddock, N. Y.

Leonard, William R., president Hibernia Bank and Trust Co., Denver, Colo.

Lovejoy, G. Harold, cashier First National Bank, Flint, Mich.

McClure, A. M., assistant secretary Monongahela Trust Co., Homestead, Pa.

McDonnell, T. H., vice-president Toledo Savings Bank and Trust Company, Toledo, Ohio.

Mattinson, Evan, president First National Bank, Gibson City, Ill.

Mayers, Charles R., president New First National Bank, Columbus, Ohio.

Milne, J. C., president Citizens Savings Bank, Fall River, Mass.

Pearson, Gertrude, vice-president Wall Street Bank, Spokane, Wash.

Peckham, T. P., president Newport Trust Company, Newport, R. I.

Petefish, L. A., vice-president Petefish, Skiles & Co., Virginia, Ill.

Ruppe, George, president Superior National Bank and Superior Trust Company, Hancock, Mich.

Sedgwick, James E., president Leavitt and Johnson National Bank and Farmers Loan and Trust Co., Waterloo, Iowa.

Seeger, W. H., secretary Pioneer Trust Company, Kansas City, Mo.

Spencer, Charles Du Puy, cashier First National Bank, Erie, Pa.

Spies, Curtis Earle, assistant secretary and treasurer Peoples Banking and Trust Co., Marietta, Ohio.

Stalnaker, A. J., cashier Citizens National Bank, Belington, W. Va.

Stephens, J. B., director Washington Trust Co., Newark, N. J.

Taylor, John M., director Connecticut Trust and Safe Deposit Co., Hartford, Conn.

Williams, A. H., president Bank of Lake City, Lake City, S. C.

Williams, J. W., president First National Bank, Shelby, Ohio.

Zangrilli, John, cashier First National Bank, Bridgeville, Pa.

## Registration at the Association Offices

REPORTED FROM OCTOBER 26 TO NOVEMBER 26, 1918

- Bassett, J. E., president Fayette National Bank, Lexington, Ky.  
 Beach, Samuel H., president Rome Savings Bank, Rome, N. Y.  
 Broughton, Elizabeth N., 316 West 93d Street, New York, N. Y.  
 Broughton, William H. C., New York, N. Y.  
 Brown, Jos. G., president Citizens National Bank, Raleigh, N. C.  
 Butler, J. W., president First Guaranty State Bank, Clifton, Texas.  
 Callahan, R. C., director American-Southern National Bank, Louisville, Ky.  
 Clark, G. F., vice-president Union Savings & Trust Co., Seattle, Wash.  
 Coriell, John H. B., vice-president Morristown Trust Co., Morristown, N. J.  
 Cox, J. Elwood, president Commercial National Bank, High Point, N. C.  
 Doherty, Henry L., senior partner Henry L. Doherty & Co., New York, N. Y.  
 Dow, Charles M., president National Chautauqua Co. Bank, Jamestown, N. Y.  
 Drury, F. A., president Merchants National Bank, Worcester, Mass.  
 Edwards, Geo. D., vice-president Commonwealth Trust Co., Pittsburgh, Pa.  
 Focolen, Charles A., Elizabeth, N. J.  
 Francolini, Joseph N., president Italian Savings Bank, New York, N. Y.  
 Gallien, E. J., secretary New York State Bankers Association, Albany, N. Y.  
 Gatling, N. P., vice-president Chatham & Phenix National Bank, New York, N. Y.  
 Goddard, W. E., secretary and treasurer Stratford Trust Co., Stratford, Conn.  
 Gwin, Earl S., president American-Southern National Bank, Louisville, Ky.  
 Hamilton, Donald, Ensign, Pay Corps, U. S. N., Columbus, Ohio.  
 Hawes, R. S., vice-president Third National Bank, St. Louis, Mo.  
 Hazlewood, C. B., vice-president Union Trust Co., Chicago, Ill.  
 Herrick, Myron T., president Society for Savings, Cleveland, Ohio.  
 Hinsch, C. A., president Fifth-Third National Bank, Cincinnati, Ohio.  
 Holland, C. H., president Royal Indemnity Co., New York, N. Y.  
 Hulbert, Edmund D., president Merchants Loan & Trust Co., Chicago, Ill.  
 Huxford, E. D., president Cherokee State Bank, Cherokee, Iowa.  
 Jordan, Jos. C., treasurer Union Oil Co., Wichita, Kan.  
 Kinne, Ruth Kingsbury, 1063 Bergen Street, Brooklyn, N. Y.  
 Kinsey, H. R., assistant comptroller Williamsburgh Savings Bank, Brooklyn, N. Y.  
 Kloepper, Jno. A., president Union Stock Yards Bank, Buffalo, N. Y.  
 Knox, W. E., comptroller Bowery Savings Bank, New York, N. Y.  
 Koppel, A., treasurer Central Savings Bank, New York, N. Y.  
 Lersner, V. A., comptroller Williamsburgh Savings Bank, Brooklyn, N. Y.  
 Lynch, James K., governor Federal Reserve Bank, San Francisco, Cal.  
 McAdams, Thos. B., vice-president Merchants National Bank, Richmond, Va.  
 McDermott, H. T., assistant treasurer Logan Trust Co., Philadelphia, Pa.  
 McKee, Henry H., president National Capital Bank, Washington, D. C.  
 Maddox, Robert F., president Atlanta National Bank, Atlanta, Ga.  
 Magruder, Herbert T., assistant secretary Hanover Safe Deposit Co., New York, N. Y.  
 Manning, C. N., president Security Trust Co., Lexington, Ky.  
 Manning, James H., president National Savings Bank, Albany, N. Y.  
 Merrill, E. A., vice-president Peoples Bank & Trust Co., Westfield, N. J.  
 Millen, W. B., assistant to president, Capital National Bank, St. Paul, Minn.  
 Mochlenpah, H. A., president Citizens Bank, Clinton, Wis.  
 Morgan, S. T., Virginia-Carolina Chemical Company, Richmond, Va.  
 Perkins, G. H., Chemical National Bank, New York, N. Y.  
 Platten, John W., president United States Mortgage & Trust Co., New York, N. Y.  
 Pulley, J. J., Emigrant Industrial Savings Bank, New York, N. Y.  
 Robinson, L. G., president Federal Land Bank, Springfield, Mass.  
 Russel, Andrew, state auditor, Jacksonville, Ill.  
 Saul, B. F., president Home Savings Bank, Washington, D. C.  
 Scott, Brenton H., Ensign, Pay Corps, U. S. N., New York, N. Y.  
 Scott, W. Livingstone, Pittsburgh, Pa.  
 Sharer, W. P., president First National Bank, Zanesville, Ohio.  
 Stephenson, Rome C., president St. Joseph County Savings Bank, South Bend, Ind.  
 Strong, F. B., assistant treasurer Morristown Trust Co., Morristown, N. J.  
 Strong, S. Fred, treasurer Connecticut Savings Bank, New Haven, Conn.  
 Vaughan, Edmund G., New York City War Savings Association, New York, N. Y.



## Membership Changes

REPORTED FROM OCTOBER 25 TO NOVEMBER 25, 1918

There are frequent changes which come about through consolidations, mergers, liquidations and changes of title. The General Secretary of the Association would appreciate receiving from members notice of any changes which occur, for the purpose of keeping the membership list correct and giving publicity through the columns of the JOURNAL.

Arkansas.....Little Rock.....Citizens Investment and Security Co. absorbed by Peoples Savings Bank.	North Dakota....Alexander.....Alexander State Bank converted to First National Bank.
Stuttgart.....Farmers and Merchants Bank succeeded by Bank of Stuttgart.	Ohio.....Dayton.....North Dayton Savings Bank purchased by Dayton Savings and Trust Company and will be operated as North Dayton Branch.
Colorado.....Walden.....Stock Growers Bank converted to First National Bank.	Oklahoma.....Tar River.....Mineral Belt Bank succeeded by Cardin State Bank.
Georgia.....Waycross.....Citizens Bank in receiver's hands.	Canada.....Montreal, Quebec.Bank of British North America succeeded by Bank of Montreal.
Illinois.....Chicago.....Bank of Calumet succeeded by Kimbark State Bank.	Canal Zone.....Cristobal.....Commercial National Bank succeeded by American Foreign Banking Corporation.
Kansas.....Salina.....Traders State Bank succeeded by Kansas State Bank.	Republic of Panama.....Panama.....Commercial National Bank succeeded by American Foreign Banking Corporation.
Maryland.....Berlin.....First National Bank in liquidation.	
New York.....Brooklyn.....Bank of Flatbush purchased by Peoples Trust Company and operated as the Flatbush Branch.	
New York.....New York.....Bank of British North America merged with Bank of Montreal.	

## New Members from October 26 to November 25, 1918, Inclusive

<b>Alabama</b> First National Bank, Alexander City 61-169. Bank of Lexington, Lexington 61-458.	<b>Michigan</b> Liberty State Bank, Hamtramck 74-1034. Liberty National Bank, Marine City 74-1035.	<b>Oregon</b> Salem Bank of Commerce, Salem 96-4.
<b>Arizona</b> Citizens Bank, Williams 91-128.	<b>Minnesota</b> Farmers & Merchants State Bank, Cook 75-1403. Northeast State Bank, Minneapolis 17-100. Orr State Bank, Orr 75-1404. Winnebago State Bank, Winnebago 75-1298.	<b>Pennsylvania</b> Gosztonyi Savings & Trust Co., Bethlehem 60-258. Gettysburg National Bank, Gettysburg 60-760.
<b>California</b> Colfax Bank, Colfax 90-571. Bank of Tracy, Tracy 90-458. Bank of Tracy, Byron 90-559.	<b>Montana</b> State Bank of Madoc, Madoc 93-347.	<b>South Dakota</b> Stockmens State Bank, Faith 78-726.
<b>Colorado</b> Strasburg State Bank, Strasburg 82-366.	<b>Nebraska</b> Farmers State Bank, Bayard 76-1070. First National Bank, Newman Grove 76-298.	<b>Tennessee</b> Holston National Bank, Elizabethton 87-602. Farmers & Merchants Bank, Nashville 87-24. State Bank & Trust Co., Broadway Branch, Nashville 87-9. Palmer'sville Bank, Palmer'sville 87-447.
<b>Georgia</b> Empire Trust Company, Atlanta 64-946. Bank of Cuthbert, Cuthbert 64-207.	<b>New Jersey</b> Security Trust Co., Gloucester City 55-397.	<b>Texas</b> First State Bank, Decatur 88-1624. Texas State Bank, Farwell 88-1053. First National Bank, Frisco 88-817. First State Bank & Trust Co., Mineral Wells 88-243. Liberty National Bank, Waco 48-9.
<b>Illinois</b> Hindsboro State Bank, Hindsboro 70-1906. Peoples Bank, Rosemond 70-1909. Bank of Commerce, Wheeler 70-1664. First National Bank, Woodhull 70-1873.	<b>New Mexico</b> First National Bank, Nara Visa 95-56.	<b>Utah</b> Bank of Moroni, Moroni 97-81.
<b>Iowa</b> Boone County Bank, Berkley 72-1909. Farmers & Merchants Savings Bank, Grandmound 72-1710. Farmers & Traders State Bank, Leon 72-413.	<b>New York</b> Columbia Bank, Broadway Branch, New York 1-198. Italian Discount & Trust Co., New York.	<b>Virginia</b> First National Bank, Lebanon 68-387.
<b>Kansas</b> Buhler State Bank, Buhler 83-760. Iuka State Bank, Iuka 83-890. Prescott State Bank, Prescott 83-999. State Bank of Stilwell, Stilwell 83-1051.	<b>North Dakota</b> Security State Bank, Courtenay 77-987.	<b>Washington</b> First National Bank, Ephrata 98-400. American Security Bank, Vancouver 98-38.
<b>Kentucky</b> Bank of McRoberts, Fleming 73-663. Citizens Bank, Grayson 73-347.	<b>Ohio</b> Brown County National Bank, Mt. Orab 56-1249.	<b>Wisconsin</b> Citizens State Bank, Clayton 79-483. Citizens National Bank, Stevens Point 79-136.
<b>Massachusetts</b> Ware Savings Bank, Ware 53-406.	<b>Oklahoma</b> Cleveland National Bank, Cleveland 86-330. American National Bank, Fort Towson 86-1103. Exchange Trust Co., Tulsa 86-14.	<b>Hawaii</b> Henry Waterhouse Trust Co., Honolulu.

